EUROPE'S BUSINESS NEWSPAPER
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## WORLD NEWS

### Paraguayan leader goes in coup

A military coup yesterday ended President Alfredo Stroessner's 34 years as Paraguay's absolute ruler.

General Andres Rodriguez, leader of the coup and the country's military second in command, was due to be sworn in as the new president. He promised to bring democracy to Paraguay and said he would "grant respect to the Paraguayan citizen." He said the former ruler was under house arrest. Page 22; Squabble over the family silver, Page 7

**China invites Gorbachev**
China formally invited Soviet leader Mikhail Gorbachev to visit Peking for the first Sino-Soviet summit in 30 years. Page 2

**Prison plan rejected**
Prison officers on strike at London's Wandsworth jail rejected their union leaders' formula for ending their dispute and called for colleagues nationally to support them. Page 5

**Right of reply**
A bill giving the right of reply to the victims of untrue newspaper stories received an unopposed second reading in the Commons. Page 5

**Afghan withdrawal**
The Soviet Union pulled a big military convoy out of the Afghan capital, Kabul, leaving fewer than 1,500 troops there. Heavy snow delayed the planned departure of British diplomats from Kabul.

**Sinn Fein legal move**
Sinn Fein, the political arm of the IRA, is to mount a legal challenge to the Government's Northern Ireland broadcasting ban. Its application for a judicial review will probably be heard later this month in Belfast. Page 4

**Ruling on sterilisation**
Three appeal judges ruled that a woman in her thirties with a mental age of five should be sterilised although she is unable to give valid consent. An appeal to the Lords is likely.

**Woman 'was spy'**
Olivia Forsyth, a former anti-apartheid activist who fled from guerrillas in Angola last year and took refuge in the British embassy, was a South African spy, Pretoria confirmed. Page 2

**Chernobyl fall-out**
Twenty more Byelorussian villages are to be evacuated because of continuing high fall-out levels from the 1986 Chernobyl nuclear power station accident. Soviet authorities estimate total losses from Chernobyl at Roubles 8bn (£7.3bn).

**Chemical deal sought**
The European Community is relaunching efforts to harmonise export controls on substances that could be used for chemical warfare.

The move came as West Germany disclosed the seizure last month of 255 tonnes of a chemical which could be used to make poison gas. The manufacturer said it had been supplying the chemical, destined for a Libyan fertiliser plant, since 1983. Page 2

**Lockerbie 'progress'**
The police have made "significant progress" in the Lockerbie disaster investigation, said Peter Fraser, Lord Advocate of Scotland. Page 4

**No to Scots devolution**
Prime Minister Margaret Thatcher rejected any idea of an independent Scotland within the European Community. Page 5

**Slow going**
Thirteen million European airline passengers suffered flight delays last year compared with 9.5m in 1987, the Association of European Airlines said.

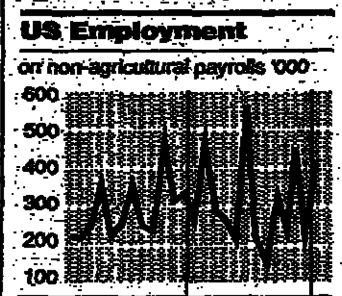
## BUSINESS SUMMARY

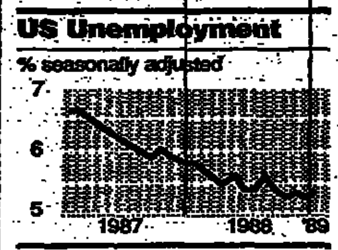
### DAF drops County NatWest

DAF is to go public in May with an international equity offering and listings on the London and Amsterdam stock exchanges.

The Dutch commercial vehicles maker dropped plans to appoint County NatWest, troubled UK investment bank, as sponsor of the issue in London and has instead appointed S.G.Warburg. Page 10

US non-farm employment rose by 410,000 on a seasonally adjusted basis last month. However, the labour force also




increased, leading to a slight rise in unemployment to 5.4 per cent from 5.3 per cent. Page 2

**LINDE**, West German machinery and industrial gases group, has been stopped, at least temporarily, from buying the German plant of the Lansing lift truck business, as part of its purchase of the UK forklift maker. The West German cartel office raised objections due to Linde's already dominant position in the West German market for some products.

**MOSCOW** intends to implement a new system to try to curb rising prices in both the state and co-operative sectors. Page 2

**RESERVE Bank of Australia** intervened in foreign exchange markets to force the Australian dollar into its largest one-day fall since October 1987. Against the dollar it fell to 87.8 US cents, down from 89.05, but finished slightly higher. Page 3

**JAPAN'S** current account surplus fell by 8.7 per cent last year to $79.5bn (£45.4bn). Page 3

**LONDON International Financial Futures Exchange** recorded a turnover of 1.5m futures and options contracts for last month, a 23.5 per cent increase on the same period last year. Page 4

**CAMBRIDGE Electronics Industries** is planning a venture with Tamura of Japan to make transformers and power supply equipment for the British electronics industry. Page 4

**HOARE GOVETT**, London stockbrokers, sold 7m shares in Taylor Woodrow, representing a stake of about 4.4 per cent in the construction and property group. Page 8

**EVODE GROUP**, chemicals combine, continued its strategy for offshore expansion with the announcement that it was paying $17m (£9.7m) in cash and shares for Gary Chemical of Massachusetts. Page 8

**BRIERLEY Investments**: A group, possibly British, is believed to be building a stake in the New Zealand flagship of Sir Ron Brierley's international operations. About 43m BIL shares, valued at almost NZ$65m (£22.5m) were traded in the past fortnight. Page 10

**YAMANOUCHI Pharmaceutical**, Japanese ethical drugs group, in a Y45.5bn (£200m) deal, is to buy a 77.7 per cent holding in Shaklee Japan, health food and personal care products group, from San Francisco-based Shaklee International. Page 10

# London equities jump to highest level since crash

**By Simon Holberton, Economics Staff**

EQUITY PRICES in London yesterday jumped to their highest level since the stock market crash on October 19 1987, as investor demand for shares continued to boost prices.

At the close of trading the FT-SE 100 Share Index was 26.5 higher at 2,069.9 – its highest level since Black Monday, when the index fell 249.6 points to close at 2,052.3.

The London market moved ahead despite speculation about a rise in official US interest rates. The speculation intensified after the release of official US employment figures, which underlined the strength of the economy and prompting a surge in the dollar and another round of central bank intervention.

Since the beginning of the year the FT-SE index has risen by 15.5 per cent. The speed of the increase has caught many in the market by surprise and has, in part, been prompted by brighter expectations about interest rates.

Mr Richard Jeffrey, economist at Hoare Govett, the securities house, said: "This is the sort of market where you have to buy stock first and think about what you have bought second."

Expectations over the future course of interest rates were given a boost yesterday when, for most of the day, three-month interbank sterling funds traded below 13 per cent – the present level of clearing bank base lending rates. Opinion in the City, however, is far from united on an early cut in official UK interest rates.

Together with growing optimism over interest rates, analysts said that UK equity prices had been boosted by a number of technical factors. These included the historically high level of cash holdings by the leading UK investment institutions, part of which had now been dedicated to chasing available stock.

Trading had also been helped by market makers who forced prices higher to buy stocks to sell to clients. Market makers' holdings of equities were low going into the market's rally – a situation not helped by the low level of equity issues recently.

Talk of lower UK interest rates, however, runs counter to developments in the US and on the Continent. Both the US Federal Reserve, the US central bank, and the Bundesbank, its West German counterpart, have moved interest rates higher over the past month.

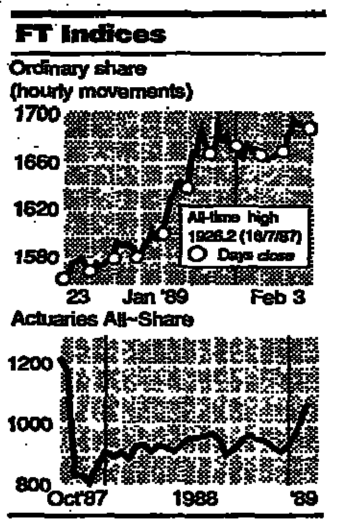
Yesterday's US employment report showed a rise in non-farm employment in January of 408,000, compared with a market expectation of 291,000, and this reinforced the belief in currency markets that US interest rates would rise again. Mr Alan Greenspan, chairman of the Fed, has repeatedly warned he is concerned about the inflationary consequences of strong US economic growth.

The dollar rose sharply against the D-Mark after the release of the figures but its rise was tempered by a concerted round of central bank intervention. The Fed's key policy-making group, the Federal Open Market Committee, meets on Tuesday. This could provide an opportunity for the Fed to raise its discount rate.

Because of this US situation, analysts said that they were unconvinced by comments from Mr Pierre Beregovoy, the French Finance Minister, in Washington that world interest rates might level off.

Mr George Magnus, economist at Warburg Securities, said that the Group of Seven leading industrial countries might attempt to lull currency markets into a false sense of security by letting the dollar rise, only to intervene aggressively and force it to lower levels. If this occurred and it failed to change the dollar's direction, then West Germany and Japan might be forced to raise interest rates again.

US unemployment, Page 2; UK market begins to bite back, Page 7; Money markets, Page 11; Market reports, Page 15, Weekend Page II; G7 to focus on exchange rate policy, Lex, Page 22




# BT acts to cut off chatline services

**By Hugo Dixon**

BRITAIN'S controversial chatline services – which allow groups of people to gossip to each other over the telephone – are be cut off from noon on Monday, British Telecom said yesterday.

The decision follows mounting concern that the services encourage people – especially teenagers – to run up massive phone bills. There has also been concern that the lines are being used as a pick-up service.

There have been reports of angry parents faced with bills running into thousands of pounds, and one instance of a bill triggering a suicide attempt. Mr Terry Lewis, Labour MP for Worsley, Greater Manchester, has led a campaign to ban the services.

BT said it was asking the dozen or so companies that provide chatlines to suspend their services. It threatened to cut off their lines on Monday if they did not stop voluntarily.

"Our reputation as a whole is beginning to suffer as a result of it. It's getting nasty out there," BT said.

The Monopolies and Mergers Commission completed an investigation into chatlines last month. However, the Office of Telecommunications, the industry's watchdog, will not publish the Commission's report until the end of this month because of the time needed to print it.

BT, which has seen the report, said it could not wait for publication because of the damage to its reputation. It suspended its own chatline service – Talkabout – a year ago, but initially argued it did not have the right to cut off third parties.

Yesterday, it said it now had sufficient evidence of abuse to enable it to cut the services off under the terms of its licence. It expects the chatline service providers to challenge its decision in the courts.

Oftel said it welcomed BT's action, but stressed it was the company's initiative. It would press ahead with its own plans for regulating chatline services.

Oftel wants to change the licences of both BT and Mercury Communications, its competitor, to prevent their offering the services unless customers request it and calls are itemised on bills.

BT's network is not sophisticated enough to do this. Oftel's plans would lead to the services being abandoned until the network is modernised.

## Weekend FT



# Stars play Footsie with shares

**By Ralph Atkins, Economics Staff**

HIGH IN the heavens, above the tallest City turret and beyond the reach of mortals, the future of world share prices is being charted.

Soaring stock markets do not reflect government policy, speculation or rational thinking. The prevailing force is the inevitable rise and fall of celestial bodies, according to two reports by earthbound economists.

Rises in the FT-SE 100 share index, which yesterday was looking towards at least the ozone layer, will be short-lived if the predictions of the star-gazers are correct.

The extra-terrestrial discoveries of Dr Hamish Watson, former lecturer at the London School of Economics, are based on more than four years of research. His research links ups and downs in business activity with variations in the earth's magnetic field caused by the cyclical pull of other planets. He identifies 40-month cycles in US business activity that run in harmony with seven or 10-year cycles in Europe.

The periodic changes in the earth's magnetic field affect the physiology and the psychology of humans, determining business and consumer confidence, Dr Watson says.

Nervous investors beware, for since the middle of 1988 the influences on the business cycle have been in a downswing phase. His paper warns: "There is a danger of sharp corrections in the stock markets as the markets move back in line with the underlying trend in the economy."

Not all 40-month contractions lead to recession, Dr Watson believes, but for the UK the signs are ominous. "The fact that we haven't had a recession in Europe for some time increases the likelihood that we will have one in this 40-month cycle," he said.

Equally gloomy is a paper by economists at Phillips & Drew, the securities house. It looks to the Year of the Snake, which Chinese tradition says starts on Monday.

It says: "The Year of the Snake has never been tranquil. The Snake is the strongest negative force in the cycle, coming after the year of the Dragon, the strongest positive force. Indeed the calamities of

Continued on Page 22

# Alcohol ban for offshore rigs after N Sea incident

**By Steven Butler**

THE DEPARTMENT of Energy yesterday issued a complete ban on alcohol on offshore oil and gas rigs and platforms following an incident aboard the Shell-operated Brent Delta oil platform that led to the suspension of three senior operations managers.

In addition, the department also yesterday revealed it had ordered the shutdown of a North Sea drilling rig after uncovering extensive safety violations.

The incidents seem set to raise further serious questions about offshore safety, which has been in doubt since the Piper Alpha disaster in July when 167 men perished following a series of explosions and an intense fire that destroyed the platform.

The disaster, currently the subject of a public inquiry in Aberdeen, has highlighted the potential dangers of offshore work and is expected to lead to tightened safety standards.

Shell said yesterday it provided off-duty workers on the Brent Delta production platform with a small quantity of beer and wine on Christmas and new year's days. It was unclear if there was a direct link between availability of alcohol aboard the platform, which is normally dry, and a malfunction of equipment on January 1 that caused a potentially dangerous escape of gas.

The Brent Delta oil production platform has been out of operation since January 1, when a gas vessel burst in the platform's oil and gas processing unit causing damage to electrical wiring and pipes. The incident led to activation of the platform's emergency systems, although there were no explosions or injuries.

Shell said yesterday three of its senior managers had been suspended because of a possible breach of the company's code of conduct, uncovered during its internal investigation into the January 1 incident.

Alcohol is normally banned from all offshore installations. However Shell supplied off-duty personnel with one can of lager and a third of a bottle of wine with the holiday meals.

This was not a violation of existing rules. The Energy Department said it had never heard of another possible incident involving alcohol abuse offshore.

In an unrelated incident, a Department of Energy inspector on Wednesday ordered the immediate shutdown of the West Stafrill rig, operated by Smedvig, a Norwegian drilling contractor, during a routine inspection that showed faults in the fire alarm and gas detection systems. Electrical faults were also discovered, and a

Continued on Page 22

# Storehouse profit forecast cut to £70m

**By Maggie Urry and David Waller**

A SHARPLY reduced profit forecast for Storehouse, the retail group headed by Sir Terence Conran, has been made by Warburg Securities, the company's stockbroker.

Warburg expects Storehouse to report pre-tax profits of only £70m for the 12 months to March 1989, against a previous forecast of £87.5m.

Other UK stockbrokers have been cutting their forecasts for some time, but the reduction in the estimate by the company's own broker may be seen as particularly significant.

Storehouse's shares fell 1p to close at 192p yesterday, giving it a market value of £784m.

Brokers said the fall might have been greater but for news yesterday that Mr Asher Edelman, the New York arbitrageur, had increased his stake in Storehouse to 6.1 per cent.

Many UK retailers are suffering as consumer spending has come under pressure from high interest rates. Fashion and clothing groups have been hard hit. Storehouse includes BhS, the store chain, and the Richards women's fashion chain, in addition to its home furnishings stores Habitat and Heal's.

However, Storehouse has its own particular problems. Many analysts have doubted the success of the merger between Habitat-Mothercare and British Home Stores which created the group three years ago. Bid speculation has been rife.

In the year to March 1988, Storehouse made a pre-tax profit of £107.2m, excluding profits on properties and adjusting for an accounting change.

Most City forecasts for Storehouse's 1988-89 results range between £75m and £85m. Brokers, including Warburg, say that Storehouse directors have refused since mid-January to answer their routine inquiries about trading.

Speculation of a bid for Storehouse has been persistent since Mountleigh, a property group, made an informal approach in summer 1987. This was followed by an unsuccess-

Continued on Page 22
Market report, Page 15



## MARKETS

**STERLING**
New York lunchtime:
$1.7415
London:
$1.7415 (1.751)
DM3.2725 (same)
FFr11.1325 (same)
SFr2.78 (2.7775)
Y225.75 (226.25)
£ index 97.8 (98)

**GOLD**
New York: Comex Apr
$394.6
London:
$388.75 (392)

**N SEA OIL** (Argus)
Brent 15-day Feb
$16.70 (16.85)

*Chief price changes yesterday: Page 22*

**DOLLAR**
New York lunchtime
DM1.88
FFr6.3915
SFr1.5955
Y129.65
London:
DM1.8785 (1.8695)
FFr6.3925 (6.3575)
SFr1.596 (1.586)
Y129.6 (129.15)
$ index 67.8 (67.5)
Tokyo close: 129.27

**US LUNCHTIME RATES**
Fed Funds 9%
3-mo Treasury Bills: yield: 8.78%
Long Bond: 101½
yield: 8.85%

**STOCK INDICES**
FT-SE 100:
2,069.9 (+26.5)
FT Ordinary:
1,689 (+21.2)
FT-A All Share:
1,067.88 (+1.4%)
FT-A long gilt yield index high coupon:
9.08 (9.15)
New York lunchtime
DJ Ind. Av.
2,330.89 (−2.86)
Tokyo: Nikkei
31,685.78 (+187.48)

**LONDON MONEY**
3-month interbank:
closing 12¹³⁄₁₆% (13)

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## OVERSEAS NEWS

# Moscow plans new price controls to curb inflation

By Quentin Peel in Moscow

A SWEEPING new price control system is to be set up throughout the Soviet economy in an effort to stop Mr Mikhail Gorbachev's economic reforms unleashing uncontrolled inflation.

The reimposition of central controls – a clear step back from the cautious decentralisation of economic decision-making pursued over the past two years – is meant to curb rising prices in both the state and co-operative sectors.

Details were published yesterday in a decree by the Soviet Council of Ministers, admitting that the introduction of plant-level full cost accounting, and self-financing, had led to a bout of inflation.

Economists believe the true level of inflation, unheard of for years because of rigid price fixing and central planning, is now between 5 and 8 per cent, although government officials deny it is more than 1 or 2 per cent.

Now the Government has ordered the State Committee for Prices, Goskomtsen, to establish a "single state system" to ensure that neither state enterprises nor co-operatives exploit the chronic shortages in the Soviet economy to demand higher prices.

The plan was approved by the ruling Politburo in early January, but was only yesterday announced in detail.

It involves:

- The reintroduction of central state orders – at fixed prices – for essential goods produced for children and pensioners.
- Strict controls on the use of "new" and "fashion" labels for consumer goods, to ensure they contain genuine improvements on old products.
- A maximum 15 per cent price supplement on such products, instead of 30 per cent now.
- Enforcement of price controls on the fledgling co-operative sector, to ensure they cannot use cheap state supplies to market dear end products.

While promising that the co-operatives – Mr Gorbachev's socialist version of a private sector – will be given greater access to cheap state supplies, the decree insists that they must then charge no more than state prices.

Steep charges in co-operative cafes and restaurants, the object of wide public resentment, will also be controlled by having local councils set maximum mark-ups, depending on the quality of services.

The new price control system, in which newly-formed consumer organisations are being asked to play a policing role, underlines the contradiction inherent in the half-way stage of Mr Gorbachev's economic reforms.

While on the one hand factories are being ordered to balance their books, and loss-making enterprises are threatened with ultimate closure, on the other the authorities have postponed the price reforms needed to make the manufacture of many essential goods profitable.

# French watchdog hits his stride

By George Graham in Paris

THE chairmanship of the Commission des Opérations de Bourse (COB), France's stock market regulatory authority, may not have seemed like the most wonderful 60th birthday present to Mr Jean Farge when he was nominated to the position last summer.

Although the Government was muttering, even at the time, about the need to increase the COB's powers and resources, an organisation with a mere FFr 60m (£5.4m) annual budget and a staff of 150 must have appeared rather scanty to a man used to commanding 60,000 tax agents as director of the national accounting division of the Finance Ministry.

Mr Farge now seems to have acquired a taste for his new office. After a low-key start, partly because of illness, he appears to have found his stride with the inquiry first into alleged insider dealing in the shares of Triangle Industries, shortly before the US company was acquired by the French state-owned aluminium group Pechiney, and now with a new investigation into dealings in the privatised bank Société Générale.

At first sight, Mr Farge's career reached its apogee in 1979, when he joined the Government of Mr Raymond Barre as Minister for Social Security, acquiring the reputation during his two years in office of a hard negotiator who did not hesitate to tell the unpleasant truth to the trade union and employers' representatives who came to his office.

Jean Farge, Commission des Opérations de Bourse chairman

For Mr Farge, the spell in government appears something of an aberration in a career otherwise spent almost entirely in various departments of the Finance Ministry.

"I am very much a civil servant, I admit," Mr Farge said after his nomination to the head of the COB in July.

Civil servant, in French terms, means a passage through the elite academy of the Ecole Nationale d'Administration (ENA). Mr Farge passed out eighth in his year – which included Mr Marc Viénot, chairman of Société Générale, who has been informally, and until Wednesday unsuccessfully, pressing him to investigate the accumulation of a 10 per cent stake in his bank by the financier Mr Georges Pebereau.

After ENA, Mr Farge passed through the ranks of the finance inspectorate, with a short spell at the French embassy in London, before spending 20 years in the public accounting division of the Finance Ministry, ten of them as its director.

He then became deputy governor of the Crédit Foncier in 1978 – a traditional outplacement for top civil servants – and was widely expected to progress, in the normal order of things, to the governorship of this state property financing institution.

His membership of the Barre Government, ousted by the election of President François Mitterrand in 1981, put an end to this, and it was not until 1983 that he returned to the Crédit Foncier, at the same rank as before.

Even if he considers himself apolitical, Mr Farge's Barrist label is thought to have played a part in his selection as chairman of the COB by the new Socialist Government, at the time busily wooing Mr Barre's centrist supporters.

Apolitical or not, Mr Farge and the COB are now thrust firmly into the political ring with the Pechiney and Société Générale investigations. The COB's investigation into the privatisation in May 1987 of Compagnie Générale d'Electricité (CGE), the telecommunications and engineering group, also seems likely to raise burning political issues.

Even if the Government has now declared itself determined that all possible light should be shed on the two cases, success in the law courts may prove difficult: in the last five years, only two convictions for insider trading have been won.

# Hawke seeks Thai role in an OECD for Asia

MR BOB HAWKE, Australian Prime Minister, has proposed the formation of an Asian-Pacific organisation similar to the Organisation for Economic Co-operation and Development, Peter Ungphakorn reports from Bangkok. This was put to South Korean leaders during a visit to Seoul this week, and to Gen Chatichai Choonhavan, Thai Prime Minister, in Bangkok on Thursday.

Mr Hawke said yesterday President Roh Tae Woo of South Korea had endorsed the proposal enthusiastically and that Gen Chatichai also welcomed it.

Australian observers say Mr Hawke's move is partly a response to the development of economic and trading blocks in other parts of the world.

Mr Hawke also offered to build a bridge across the Mekong river between Thailand and Laos.

## Marconi picked

Marconi of the UK has been selected for exclusive negotiations for a contract, initially valued at £90m to £100m, for the local manufacture of its Scimitar wireless system for the Turkish armed forces, reports Jim Bodgener in Ankara. The deal, from Turkey's Defence Industry Development Administration, could be worth up to £200m with follow-on orders. Another UK company, Plessey, is contending for the contract, as is West Germany's Siemens.

## Moroccan rapport

Relations between Spain and Morocco appeared to be on the mend yesterday after the visit by Mr Francisco Fernandez Ordóñez, Spain's Foreign Minister, to King Hassan in Marrakesh, Francis Ghiles writes.

The visit was called off last week, the king having been quoted in a Spanish newspaper as comparing the anti-Moroccan struggle of the Polisario Liberation Front in the Western Sahara with the Basque separatist group Eta fighting Spanish security forces.

The minister was also upset by King Hassan's accusation that his approach to Moroccan-Spanish relations was "scarcely imaginative".

Good relations with Morocco are important for Spain if only because of the value of its exports to the kingdom. In 1987 these amounted to Ptas 55bn (£264m) but smuggled exports may amount to nearly as much. Furthermore, Morocco reckons it loses $1bn (£570m) worth of fish, caught illegally in its territorial waters by foreign vessels, some of which are Spanish.

Backed by the $1bn package of loans granted by Spain to Morocco last year, warmer political relations should help Spanish exports.

Spain, meanwhile, has extended a $380m credit package to Algeria.

## Egypt chafing

Egyptian officials were expected to decide over the weekend to resume difficult negotiations with Israel on terms for the latter's withdrawal from the tiny Red Sea enclave of Taba. But there are clear signs that slow progress in the discussions is testing the limits of Cairo's patience, writes Tony Walker in Cairo.

US mediators, fearing the collapse of the Taba negotiations, redoubled their efforts late this week to end the impasse.

## Peru fixes rate

The battle between the Peruvian Finance Ministry and the Central Bank for the fixing of the new official exchange rate has been won by Mr Carlos Rivas Davila, Finance Minister, reports Veronica Baruffati in Lima. The Peruvian constitution lays down that the Central Bank shall set the rate.

Mr Pedro Coronado, Central Bank Manager, announced a February rate of 590 intis to the dollar the evening that Mr Rivas announced a rate of 920. Then the official gazette confirmed the 920 rate.

There is widespread criticism that this 31 per cent devaluation of the inti lags far behind the January inflation rate of 47.3 per cent, which brings current annual inflation in Peru to 2,280.7 per cent.

# Chinese invitation for Gorbachev visit accepted

By Our Foreign Staff

CHINA yesterday invited President Mikhail Gorbachev of the Soviet Union to visit Peking for the first Sino-Soviet summit in 30 years. Mr Eduard Shevardnadze, the Soviet Foreign Minister, immediately accepted, AP reports from Peking.

The summit between Mr Gorbachev and Mr Deng Xiaoping, the senior Chinese leader, is expected to normalise relations that turned hostile in 1960 when their predecessors quarrelled over their border and ideology.

Shevardnadze: to name date

The official Xinhua news agency quoted Mr Li Peng, the Chinese Premier, as telling Mr Shevardnadze yesterday that the normalisation of ties would help to promote world peace and stability.

Mr Viatcheslav Duhin, the Soviet embassy spokesman in Peking, said Mr Shevardnadze would make an announcement about the date today after consulting with Deng and before leaving for Islamabad to try to find a compromise in the Afghanistan crisis.

The Soviets released few details of Mr Shevardnadze's meetings yesterday with his Chinese counterpart, Qian Qichen, and Li Peng, but confirmed that Sino-Soviet differences over Cambodia were discussed for a second day. The Sino-Soviet border, over which they fought briefly in 1969, was also discussed.

# Alcatel in plea for Italian deal

By Alan Friedman in Milan

ALCATEL, the French telecommunications concern, yesterday made a last-ditch effort to plead its case as a partner in the modernisation of Italian telecommunications.

Alcatel offered to form a joint venture with the state-owned Italtel despite the fact that the French company is believed to have lost out, along with other suitors, to American Telephone & Telegraph.

It is expected that the Italtel board, along with those of STET and IRI, the state holding groups that control Italtel, will next week recommend to the Government that technical talks begin with AT&T. The choice of the US giant will offer AT&T access to a L36,000bn (£15bn) five-year telecom modernisation programme.

Other Italtel suitors include Ericsson of Sweden and Siemens of West Germany. The campaign by foreign telecom companies has galvanised a number of Christian Democrat and Socialist politicians in Rome, who have waded into the debate behind the scenes.

In Milan yesterday Mr Philippe Gluntz, Alcatel's chief operating officer, reaffirmed Alcatel's commitment to the Italian telecom market and said he considered the battle for Italtel still open. "We have not been informed officially that AT&T has been chosen. We know only what we read in the papers."

The Alcatel proposal – which includes an offer to collaborate in 12 areas of technology, to help the Italians market their products in 110 countries, to form a joint venture with majority Italian ownership and to offer an equity stake in Alcatel to STET – is pregnant with political significance and could yet influence the discussions in Rome.

Mr Gluntz said Alcatel "has been very quiet until now, but there have been many rumours and we have been accused of not being serious in our interest for Italtel." He said Alcatel was making no threats to close any of its Italian plants, which employ 9,852 people in Italy. "There is no blackmail here, we just wanted to explain why we are the best partner for Italtel," Mr Gluntz said.

Alcatel, which in January 1987 took over the international telecom interests of America's ITT, had 1988 revenues of L1,035bn from Italy.

# W German growth may be higher than forecast

By David Goodhart

WEST GERMAN economic growth for 1988 may have been slightly higher than the official forecast of 3.4 per cent. Strong industrial production figures for December last year and the lowest increase in January unemployment since 1982 both point to a more buoyant than expected final quarter of the year, analysts say.

Mr Mushtaq Shah, of Phillips and Drew in London, said that the final figure for gross national product – expected in March – could now be as high as 3.6 per cent. Industrial production was 0.7 per cent higher in December than November which was itself revised upwards from an increase of 0.1 per cent to 0.6 per cent. The December figure was 4.2 per cent higher than December 1987.

Next week's order figures for December will be a further important indicator of how far the expected economic slowdown has been postponed. Also next week, the December and full-year trade figures – the latter expected to hit a record of just under DM 130bn – will underline how much growth has been export-led.

Part of the explanation for the smaller-than-expected seasonal rise in unemployment, and good production figures, is the unusually mild winter.

# German customs holding Libya-bound chemicals

By David Goodhart in Bonn

THE West German customs authorities have since January 20 been holding 255 tonnes of chemical fertiliser bound for Libya, the strongest signal since the escalation of US pressure at the end of last year that the Government is prepared to take a much tougher line on exports to Libya.

The 17 containers of Hexamethylentetramin, held in Bremen, belong to the chemical firm Degussa – already in the news for nuclear-related exports to India – which says that the chemical can be adapted for use in certain explosives but cannot be used to make chemical weapons.

Degussa also said yesterday that the delivery was to a fertiliser plant near Bengazi, almost 1,000 miles from the suspected chemical weapons plant at Rabta.

The export does not, under German law, require a licence because it is not one of the eight chemicals classified as dangerous.

Government officials will now have to decide whether the fertiliser has a weapons use or release the shipment. Political pressures suggest the Government will not allow the chemical to be exported, but there will be strong pressure not to damage Germany's exporting image by blocking a possibly innocent delivery.

# Inquiry call into Lisbon minister's finances

By Diana Smith in Lisbon

THE Portuguese Communist Party has called for a parliamentary inquiry into the personal financial conduct of Mr Miguel Cadilhe, Finance Minister. The party has also demanded police investigation of alleged misappropriation by the minister of government staff.

The call follows media allegations that Mr Cadilhe had irregularly avoided property transfer tax in the recent sale of his flat and his purchase of a luxury flat in Lisbon's Amoreiras Towers.

Mr Cadilhe vigorously denied tax irregularities. Via the cabinet spokesman, he threatened suits against "certain bodies and individuals who use press freedom" to assail his honour and dignity.

The call for a police inquiry followed allegations that the Fiscal Guard (finance ministry frontier police) were illegally used to move the Cadilhe family's belongings.

When the first broadside was fired by the new weekly O Independente, the Prime Minister, Mr Anibal Cavaco Silva, leapt to Mr Cadilhe's defence, insisting there was no illegal tax evasion in the property deal. He threatened inquiries into the finances of every Portuguese politician.

Undaunted, crusading weeklies and more cautious dailies have kept up a microscopic scrutiny of Mr Cadilhe's past and present property deals.

So far the Social Democrat cabinet and its parliamentary deputies, who hold a comfortable majority, have united against cries for Mr Cadilhe's resignation and have condemned media and dinner party ridicule of a minister who has never been popular.

- Lisbon and major Portuguese cities were hit yesterday by stoppages of train, bus, tram and ferry services. Ground staff at TAP/Air Portugal also struck, drastically reducing flights, as did metal-workers and some office staff.

Called by unions allied to the pro-Communist CGTP or independent UGT labour confederations, the strike was seen as a warm-up for a threatened general strike. Unions are fighting real wage losses and renewed official attempts to introduce more flexible hiring and firing rules.

# Vacuum remains in Pretoria leadership

By Anthony Robinson in Cape Town

SOUTH AFRICA'S acting President, Mr Chris Heunis, opened parliament yesterday with a policy speech that reflected a power vacuum at the heart of government, despite the election on Thursday of Mr F. W. de Klerk to take over from President P. W. Botha as National Party leader.

Opposition leaders condemned its lack of substance while Mr Stoffel van der Merwe, Minister for Information, confirmed that the speech, which normally carries the authority of the State President, was a committee affair approved by the cabinet. It lacked the ultimate authority of Mr Botha who is convalescing after a "mild stroke" last month.

Mr Heunis, who was defeated in the second round of the party leadership elections, said the Government remained committed to "public life built upon a foundation of integrity and honesty".

Last week a senior minister, Mr Piet du Plessis, resigned over allegations of abuse of office, two government party MPs were forced to resign, while the leader of the Indian House of Representatives and former government minister was described by a judicial committee of inquiry as "a man unfit for public office".

Mr Heunis re-confirmed the Government's commitment to privatisation and business de-regulation and announced that Iscor, the state-controlled steel company, which has just announced record profits, would be privatised this year.

Although Iscor is the first state enterprise to be given a target date for privatisation, "similar processes are under way with regard to Eskom, the electric power corporation, Foskor (phosphates), the South African Transport Services (SATS), including South African Airways, and Post and Telecommunications, he added.

# Woman was our spy, S African police admit

THE Security Branch of the South African police yesterday confirmed that Ms Olivia Forsyth, who escaped from a camp of the African National Congress in Angola and sought refuge in the British Embassy in Luanda last year, was a lieutenant in the SAP.

Major General Basie Smit, Security Branch chief, revealed that Ms Forsyth, who carries a British passport, and Ms Joy Harnden were "trained intelligence operatives" of whom the police were proud.

He revealed that Ms Forsyth had been recruited by former "super-spy" Craig Williamson while still at university and had been sent to Angola to spy on the ANC. Her "cover" as a defector from the SB was blown by the ANC, and she was sent to its Quattro camp for interrogation, which the SAP says included torture.

She escaped her allegedly drunken captors and made her way to the British Embassy, where she was given refuge. Last November the Angolan Government gave her an exit visa and she flew to London and then to South Africa in December.

# Nomination of Tower remains in balance

By Lionel Barber

THE fate of Mr John Tower's nomination as US Secretary of Defence hangs in the balance this weekend amid persistent reports of womanising and drinking by President's George Bush friend.

Democratic and Republican Senators agreed yesterday that Mr Tower's survival depends on an early confirmation vote next week by the Senate Armed Services committee. Further delay, coupled with new allegations, could force the White House to drop Mr Tower as a political liability, they said.

The Tower controversy amounts to a considerable embarrassment for Mr Bush, who has made ethics in government a major theme of his first two weeks in office, but the President has continued to support his nominee.

Senator John McCain of Arizona, a Republican on the Armed Services committee, described Mr Tower's confirmation chances as excellent, but he warned: "Enough is enough. We need to vote as soon as we can."

Mr Bush's nominee for the post of Secretary of Health and Human Services, Dr Louis Sullivan, is also in trouble.

Dr Sullivan, who is black, is undergoing an FBI check but has also come under fire for his equivocal views on abortion.

# US unemployment up slightly

By Anthony Harris in Washington

US NON-FARM employment rose by 410,000 on a seasonally-adjusted basis in January, but the labour force also grew sharply, resulting in a marginal increase in unemployment to 5.4 per cent from 5.3 per cent a month before, the Labor Department said.

At the same time a 4.1 per cent jump in manufacturing orders in December, also announced yesterday, confirmed the renewed strength in US activity.

The employment number showed a much stronger rise than market analysts had expected, and Treasury bonds fell about half a point on the news, but the dollar and equities were strong.

A quarter of the adjusted rise in employment (the actual numbers employed fell by more than 1.5m) reflected the mild winter weather, which reduced the normal seasonal lay-offs in the construction industry. Another quarter was due to reduced lay-offs in the retail trade, where seasonal employment patterns may also be changing. In a normal year, employment would be expected to fall by over 900,000 in retailing and more than 400,000 in construction.

The continued steady growth in manufacturing employment, on the other hand, appears to be largely undistorted, though the virtually unchanged figures for overtime working and the length of the average work week does not suggest any increase in labour market pressures. Hourly earnings rose 0.6 per cent after a two-month standstill, bringing the increase for the year to 4 per cent, suggesting a rise of about 2 per cent in unit labour costs.

The rise in December manufacturing orders was the sharpest since the previous June and contributed to a sharp increase in order books, which have been rising without interruption for nearly two years.

# Shadow over Dumas' Iran trip

By Ian Davidson in Paris

MR Roland Dumas, the French Foreign Minister, will try to revitalise talks on a financial dispute with Iran when he visits Tehran tomorrow. However, a shadow has been cast over the prospects for the visit by the revival of controversy over the terms of the release last year of three French hostages held in Lebanon.

Roland Dumas: bid to revitalise loan talks

The financial dispute centres on a $1bn loan by the late Shah, of which France has repaid $630m, and compensation claims by French companies for contracts broken by Iran, which could amount to FFr 6bn ($940m).

This will be the first visit to Iran by a French Minister since the fall of the Shah ten years ago, and it is intended to consecrate the restoration of diplomatic relations last June. But it is now overshadowed by the claim of a Lebanese citizen, convicted and imprisoned in France for terrorist offences, that the French government had promised his release in exchange for the return of three French hostages from Lebanon. In a letter issued by his lawyer, Mr Anis Naccache called on Iran to force France to fulfil its side of the bargain.

Whether there was any bargain remains obscure. The former French Gaullist government led by Mr Jacques Chirac engaged in intense negotiations to secure the release of the hostages – Jean-Paul Kauffman, Marcel Fontaine and Marcel Carton.

These negotiations succeeded just before the French Presidential election, in which Mr Chirac was a candidate. The timing of the return of the three men prompted widespread speculation that some form of prisoner exchange could have been discussed. But the government strongly denied that it had made any bargain with the kidnappers.

Mr Anis Naccache was sentenced in 1982 for his part in a terrorist attack on Mr Shahpour Bakhtiar, the former Iranian Prime Minister. His claim revives the terrorist theme which has long dogged relations between France and Iran. Diplomatic relations were broken off in July 1987, after allegations that an Iranian embassy official, Mr Wahid Gordji, had been involved in terrorist attacks in France.

In November 1987, after a purely formal interview with a French magistrate, Mr Gordji was allowed to return to Iran. His release, which came two days after the return of two French hostages to France, provoked opposition accusations that the government had ridden rough-shod over the judicial system, in pursuit of a politically popular deal.

# Bush fills foreign policy posts

By Lionel Barber

MR Richard Burt, who stepped down recently as US ambassador to West Germany, is to become chief US negotiator at talks with the Soviet Union on a treaty to reduce strategic nuclear missiles.

Mr Burt is sceptical about the value of arms control, but his experience in Bonn, which is in the front-line of the Nato alliance, has tempered his conservative views. He had expressed interest in the more senior post of head of Arms Control and Disarmament Agency.

His appointment is one of several key foreign policy choices made by the new Bush administration. Most seem to strike a careful balance between appeasing conservative hard-liners and allowing Mr James Baker, Secretary of State, to insert his own loyalists, sometimes at the expense of the career foreign service.

Mr Baker's inner circle, for example, is full of old Treasury loyalists and veteran bureaucratic in-fighters. But he has also attempted to compensate his lack of foreign policy expertise by appointing Mr Lawrence Eagleburger as his deputy. Mr Eagleburger is one of several protégés of Dr Henry Kissinger who have turned up in the new administration.

Elsewhere, Mr Baker has covered his conservative flank by choosing Mr Richard McCormack, a former aide to Senator Jesse Helms of North Carolina, as his economic under-secretary, and a former Democratic supporter of the Nicaraguan Contra rebels, Mr Bernard Aronson, as head of Latin America policy.

The selection of Mr McCormack may be a signal that Mr Baker, despite his expertise, intends to cede leadership on international economic policy making to the Treasury.

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OVERSEAS NEWS

# Fall in Japanese surplus fails to allay trade fears

By Stefan Wagstyl in Tokyo

JAPAN'S current account surplus fell last year, for the first time since 1981, according to figures published yesterday. But the decline was too small to dampen continuing concern about Japan's trade relations with the West.

The surplus in 1988 fell by 8.7 per cent to $79.5bn, due mainly to a sharp increase in spending by Japanese tourists overseas, said the Japanese Ministry of Finance. The net outflow of funds in tourism was $15.7bn last year, against $8.7bn in 1987.

The trade surplus fell by just 1.7 per cent to $94.8bn. This was the first reduction since 1982, but the slow rate of decline has annoyed Japan's trading partners and disappointed Japanese government officials who were arguing early last year that 1988 might offer a substantial decline in the trade surplus due to the rise of the yen.

Yesterday a ministry official said the government would meet a revised target of a trade deficit, in the fiscal year to end next month, reduced from $94bn in 1987-88 to $93bn.

However, private economists said this looked very optimistic. Mr Ken Courtis, senior economist at DB Capital Markets (Asia), a subsidiary of Deutsche Bank, said it was now virtually impossible for the Japanese Government to meet its target. He forecast a trade surplus for the fiscal year of $96.5bn.

According to the ministry's report, imports in 1988 jumped 28.5 per cent to $164bn, while exports continued to grow steadily, rising 15.6 per cent to $260bn. Net capital outflow fell last year to $130.3bn, down from $136.5bn in 1987, due mainly to a sharp increase in foreign investment in Japanese securities. Inflows of foreign capital to Japan totalled $19.0bn, against an outflow of $8.7bn in the previous year, due to renewed interest among foreign investors in the Japanese stock market. Gross capital outflow rose from $132.8bn to $149.3bn due to increases in direct investment and purchases of bonds, which offset a sharp decline in investment in foreign (principally US) equities.

The figures for December confirmed that Japanese Government efforts to reduce the trade surplus were having less effect at the end of the year than earlier. On a seasonally-adjusted basis, the trade surplus in December was $8.5bn, against $8.2bn in November. However, the current account surplus dropped from $7.365bn in November to $6.8bn. On the capital account, Japanese investment overseas rose to $15.2bn, from $13.1bn the previous month, due mainly to a jump in direct investment.

● The number of job vacancies in Japan exceeded that of job seekers last year – the first time since 1974 there was such an imbalance.

The Labour Ministry figures, published yesterday, highlight the severe labour shortages in parts of the Japanese economy. These shortages have prompted concern among economists about a possible resurgence of inflation in Japan, though others argue that likely wage increases will continue to be moderate.

The unemployment rate fell to 2.3 per cent, the lowest level in six years.

# China's one-child birth policy spawns a sibling

## Outside the big cities couples with a girl are allowed to have a second child, writes **Colina MacDougall**

AFTER 10 years of its ineffective, unpopular and often brutal one-child-per-family policy, China has bowed to the inevitable.

The latest policy is that except in Peking, Shanghai and Tianjin, plus a couple of densely-populated rural areas, couples with a girl are allowed a "spaced" second birth, according to John Rowley, editor of the International Planned Parenthood Federation's magazine People.

At key population policy meetings held last year, Chinese demographers were told: "The leadership does not reject the idea of two children well spaced [four years or more], but ... such a policy could only be introduced gradually, based on experience in some pilot areas," writes Zeng Yi, deputy director of the Institute of Population Research at Peking University in the magazine.

This is because "any sudden declaration of major policy changes could lead to a rush of births".

Mr Rowley adds: "There's also a strong undertow of feeling that China should move to a two-child policy because in the towns the one-child policy has been so strict that there'll be a problem in the next century as the population will be skewed."

"In Shanghai last year 97 per cent of all births were one-child family births – in the city all you see is only-children."

The one-child policy has brought "overkill" in the urban areas, the People team, which spent a month last year in China, says with unintentional literalness. A two-child policy with spaced births could be more successful than a one-child policy – it would work better and still bring the population down.

"China's urban fertility is already too low to be further reduced," writes Zeng. "Indeed ... there is likely to be a serious problem of population ageing in urban areas unless fertility is raised or the immigration of young people from the rural areas is encouraged.

"It would seem necessary gradually to introduce a universal two-child policy for urban as well as rural areas not later than the end of the century."

Wisely, the leadership has begun to accept that it might do better to focus on the three-plus families instead of attempting the impossible.

People quotes Zhao Ziyang, the party leader, as saying in an unpublished speech last year that farming families with an only-daughter do face problems in food production, and the central committee now permits them to try again for a boy. Even allowing for a spaced second birth, "we can still achieve our objectives".

More pride for Grandpa, but it has to be well-spaced

"We cannot punish too many people," Zhao continued. "We cannot tolerate female infanticide. From the humanitarian point of view, this is not acceptable ... While our international image should not be the only consideration, we are now a country with an open policy, and if our birth control programme is not a civilised one, then our international image will suffer."

Zhao stressed that the two-child policy was only a "small hole" in the one-child programme and that officials should resolutely block the "large holes", the biggest of which was the families with three or more children. Considering that the one-child family has been the target for nearly 10 years, the rural failure rate is astonishing – in 1986 40 per cent of Chinese couples (who will have been almost entirely in the villages) had given birth to three or more children in the preceding few years.

The one-child family has been the most unpopular and the most widely-resisted policy ever in China, and has brought hatred upon local officials. Crude efforts to implement it in the early 1980s by forced abortion or killing newborns led to international protest.

The introduction of the one-child policy in 1979, just as the economic reform was getting under way in the countryside, was a serious timing error, says Elizabeth Croll, fellow of London's School of Oriental and African Studies, who also contributed to People magazine's China issue. At that point, the reform was giving the land back to the peasants, who wanted more family labour to work on it.

Traditions such as early marriage and strong clan and family feelings added to the pressure. On top of that, Chinese leaders had misjudged the peasants' strength of preference for sons. "The Government really had no choice but to move to a two-child policy," she comments.

The initial breaches in the dyke which allowed exceptions in cases such as disability are widening. "All the categories for allowing a second birth combined are not far short of a two-child policy," comments Zeng Yi. The People team were much struck by a suburb of Shanghai where there were 14 different exceptions allowed to the one-child rule.

With a population of 1.1bn and growing numbers of women coming into child-bearing age, Peking faces gigantic problems. The country is meeting its "third wave" of births, as the offspring of the 1960s baby-boom (one upshot of the disastrous Cultural Revolution) come into their fertile period.

The number of women of childbearing age is increasing rapidly, from 269m in 1984 to 299m in 1988, peaking at 310m in 1990, writes Zeng Yi. This new baby-boom will last about another 10 years. In 1987 the population increase rate rose to 14.4 per thousand, though there is some hope that it fell slightly last year.

The China Daily reported last September that China's population would increase to about 1.25bn, possibly to 1.28bn, by the end of the century. This far exceeds the original target of 1.2bn, though Mr Rowley points out that the family planning policy has "significantly reduced" births.

The Chinese hope population growth will stabilise at 1.5bn around the year 2030, though if the 1987 rate continues it will be far above that. Mr Rowley believes that the new and fast-growing China Family Planning Association, which uses volunteers among grannies and aunts to spread the message, will be more successful than the old coercion practised by local officials.

# Intervention forces big fall in A$

By Chris Sherwell in Sydney

THE Reserve Bank of Australia yesterday intervened in foreign exchange markets to force the rising Australian dollar into its biggest one-day fall since October 1987.

The Australian dollar is one of the world's half dozen most heavily traded currencies, and in Sydney yesterday it closed at 66.0 on its trade-weighted index (May 1970=100).

This was down sharply from a four-year high of 67.2 on Thursday. Against the US dollar, it slithered to 87.8 US cents, down from 89.05, but finished slightly higher.

Dealers said it was an "extraordinarily busy" day but, with money market interest rates still firm, could offer little reliable guide to the Government's precise stance.

They said the currency fell on heavy central bank selling, and also on overnight comments in New York by Senator John Button, the Australian Industry Minister, who indicated he did not expect the dollar to rise much further.

On Thursday the central bank lifted its rediscount rate 0.3 of a point to 15.7 per cent. It was the thirteenth hike since July, when the rate stood at 12.5 per cent. The rediscount rate is the rate at which the bank buys back Treasury notes before maturity.

The major banks have this week lifted their prime interest rates to 17 per cent, with smaller banks at 17.5 per cent. Politically-sensitive home loan rates are expected to follow.

This week's activity follows publication on Tuesday of shock inflation figures confirming a reversal in the downward trend in prices. The rate for the year to December was 7.7 per cent. Last August the Government forecast a rate of 4.5 per cent by this June.

# Tourism in Hong Kong up sharply

By John Elliott in Hong Kong

IN HONG KONG'S booming tourist trade last year, the number of visitors rose 24.2 per cent to 5.6m – equivalent to the colony's population.

Tourism is expected to increase by at least another 8 to 10 per cent this year.

The influx is putting the colony's stretched airline services and hotels under increasing pressure, but it also brought in HK$33.3bn (£2.41bn), making tourism the colony's third largest foreign exchange earner.

According to the Hong Kong Tourist Association yesterday, this was an increase of 31 per cent on 1987 and included HK$17.5bn spent on shopping, and HK$9.3bn on hotel bills.

Average occupancy of hotels was 92 per cent. The association said the colony had 40 confirmed projects for new hotels, which were expected to bring the number of hotel rooms to 35,000 by 1992.

The biggest increase in visitors – 209 per cent – was in the number from Taiwan, following that country's relaxation of foreign travel restrictions.

They totalled 1.1m, making them the second largest group by nationality after Japan's 1.2m, which was 20 per cent up.

Japanese tourists' spending went up by 30.3 per cent to HK$9.2bn – reflecting both the relative strength of the yen and Japan's "ten million outbound" programme.

● Air Hong Kong, the colony's third airline and only carrier that handles cargo exclusively, has been licensed to operate its first scheduled daily services to 14 destinations on three routes out of Hong Kong: to Japan, to Australia, New Zealand and Guam, and to Europe.

# Taipei's ancient MPs pressed to retire

By Bob King in Taipei king

TAIWAN'S President Lee Teng Huei has signed a controversial law that calls for the retirement of hundreds of ageing members of parliament who last stood for election more than 40 years ago in mainland China.

Progressives within the ruling party say the law, which takes effect on Monday, will promote greater democracy by giving representatives born on Taiwan a majority voice in national affairs.

At the same time, the departure of the elderly law-makers will mean a much diminished concentration on the long-standing goal of recovering China from the Communists. Instead, the new blood in parliament will favour a more realistic attitude to the mainland.

The new law provides for voluntary, rather than compulsory, retirement from the three elements of Taiwan's parliament: the national assembly, which elects the president and amends the constitution; the legislature, which deals with law-making and the budget; and the control yuan, which acts as a watchdog over other sections of government.

Passage of the retirement law has met strenuous opposition from several quarters – notably die-hard conservatives who have opposed a number of major reforms. But opposition party members have also fought against sections of the law that provide for payment of retirement pensions to ageing representatives.

This week, however, two elderly MPs, one aged 102, said they would retire on Monday.

# British Coal cuts 1,200 more jobs in closure drive

By Maurice Samuelson

ANOTHER 1,200 miners are being made redundant as part of British Coal's accelerated closure policy.

The corporation, which is expected to cut its national workforce by 15,000-20,000 by March 1990, is understood to have told union officials of its intention to close Barnburgh colliery, South Yorkshire, where 675 men are employed.

At Shireoaks colliery near Worksop in Nottinghamshire, it wants to cut the 650 workforce by 540. The remaining 110 miners would redevelop it as a single face pit, which would begin producing in April 1991.

There was no immediate comment from the National Union of Mineworkers, which over the past two days has been given particulars about the two pits by Mr Ted Horton, British Coal's South Yorkshire area director.

The unions can challenge closure proposals through the revised appeal procedure introduced four years ago. However, British Coal has so far refused to be bound by the recommendations of the independent arbitrators who man the review body.

Three more South Yorkshire pits – Brodsworth, Dinnington and Thurcroft – have been given until April to stay off the closure list. The pits, which employ a total of 1,700 miners, have been told that to do so they must continue maintaining their high output levels.

More job losses may be announced next week in North Yorkshire, where British Coal managers have voiced concern about four collieries, employing nearly 2,300 men.

Barnburgh is the last survivor of four pits in the Manvers complex, which once employed about 5,000 men. The others were closed in recent years.

Mr Ted Horton, South Yorkshire area director, is understood to have told unions yesterday that Barnburgh should close because of geological difficulties and a lack of viable reserves.

Closures and redundancies have also been announced recently in Nottinghamshire, Scotland, south Wales, and the north-west.

# Mortgage advance total halved at Halifax

By Andrew Taylor

A SHARP fall in house sales has meant that the number of mortgages granted by the Halifax building society halved in December and January compared with a year earlier, the society, Britain's largest, announced yesterday.

It said that average house prices in Britain fell by 0.8 per cent last month compared with December. That was the biggest January fall since 1986. House prices in London had fallen by 3 per cent since October, Halifax said.

The society was more concerned about the drop in sales than in falling prices. It said January was always a more difficult month, and people were more likely to take their houses off the market than accept a drop in prices.

*Chairmen of two of Britain's* biggest construction and building materials companies, Sir Clifford Chetwood of Wimpey and Sir Colin Corness of Redland, last week warned that private housing output could fall by as much as a fifth as a result of higher mortgage interest rates.

A survey of 600 building companies by the Building Employers Confederation, due to be published on Monday, is expected to show a significant fall in inquiries for new work for private housebuilders in December.

The Halifax said yesterday that London and the home counties had been worst affected by falling sales. Prices were still rising strongly in Yorkshire and Humberside and northern and north-west England. Prices in the Midlands had started to slow.

Higher demand for mortgages in the north, where house prices are much cheaper, and a fall in prices in London meant that the average price of a house in Britain in January was £59,948, almost 5 per cent lower than the average price in July last year of £62,881.

It forecast that prices nationally *would rise on* average by 5 per cent this year.

# Scottish power price discussions founder

By James Buxton, Scottish Correspondent

THE FUTURE of Scotland's remaining deep coal-mines became increasingly uncertain yesterday after British Coal announced that it had broken off talks with South of Scotland Electricity Board on prices for coal supplies after the end of next month.

The dispute may now be settled at the Court of Session in Edinburgh where British Coal is seeking a ruling that the board is contracted to buy coal from it for two of its three coal-burning power stations until the mid-1990s.

The row began a year ago when the board tried to persuade British Coal to cut prices substantially, to bring them nearer international coal-market prices. The two sides have been to court once and the board has imported about 1m tonnes of foreign coal.

An interim deal on prices and supplies expires at next month's end. It is not expected that the court can deal with the issue before then.

Yesterday Mr Donald Miller, SSEB chairman, said British Coal was asking a higher price for the coming year than it was now charging. It wanted £1.83 a gigajoule – the unit of energy in which coal is priced – compared with the £1.53 it is charging under the interim contract. It sought a deal to the century's end with prices indexed to the inflation rate.

He said the SSEB was offering to continue paying £1.53 a gigajoule for deep-mined coal. It would take just under 1.5m tonnes a year over three years, which would account for all British Coal's deep-mined output from Scotland. This price was well above that of imported coal and coal from private mines, which he put at £1.17 a gigajoule.

"I don't think they expected us to accept their offer," he said.

Yesterday the SSEB was boosted when the second reactor at Torness advanced gas-cooled reactor power station, near Dunbar, Lothian, began feeding power into the grid.

# Tax relief encouragement for profit related pay

By Richard Waters

THE GOVERNMENT yesterday moved to remove an obstacle which has held back the use of profit related pay schemes by British companies.

For a scheme to qualify for tax relief, the profit-related element of an employee's pay no longer has to be at least 5 per cent of the individual's other pay, for schemes registered from yesterday onwards.

The change is a change from *the original intention that tax* relief would be available only if a large proportion of pay was linked to profits.

Tax relief for Inland Revenue-approved schemes was introduced in 1987 to encourage companies to move away from automatic annual pay increases, but take-up has been low, with only 830 companies registering schemes.

Mr Peter Brooke, Paymaster General, said in the Commons: "The progress of PRP has been encouraging; but experience has suggested that one of the rules has discouraged some employers from setting up schemes and complicated things unnecessarily for others."

PRP provides tax relief on half of the profit-related element in an employee's pay, up to a ceiling of £3,000 or a fifth of an employee's pay.

# Turnover at Liffe shows sharp rise

By Katharine Campbell

THE LONDON International Financial Futures Exchange recorded a turnover of 1.5m futures and options contracts last month, representing an underlying value of £17.9bn. This marks a 23.5 per cent increase on the same period last year.

The future on the UK government long bond (gilt), once the exchange's lead contract, is flagging markedly and the 3-month sterling interest rate future is now the exchange's most active product.

Options also showed healthy increases.

Volumes on the London Traded Options Market have bounced back sharply recently, with a record 268,222 contracts changing hands in the option on the FT-SE 100 last month.

Trading volumes for the market as a whole last month totalled 1.2m contracts, the best month since the stock market crash in October 1987.

# Ulstermen in secret talks and public duels

**Charles Hodgson** looks at obstacles to cross-party agreement about the constitution

THE DISCLOSURE this week of secret talks between the four main political parties in Northern Ireland over the constitutional future of the province has provoked a depressingly familiar cycle of exaggerated claim and equally exaggerated denial.

The moderate cross-community Alliance Party, which styled itself a pivotal role in bringing the parties together, claimed that "superb progress" had been made and that it was now jeopardised.

For the unionist parties, the very fact that two of their leading figures were seen to be meeting on constitutional issues was enough to send them scuttling back to the bunkers issuing contemptuous communiqués of denial.

Mr John Hume of the mainly Roman Catholic Social Democratic and Labour Party dismissed reports of an imminent breakthrough as "wildly exaggerated." He said he saw no *evidence of a change of attitude* among unionists.

Exactly what was discussed in the margins of a church seminar in West Germany last October and in behind-the-scenes contacts since then remains uncertain. What seems clear is that the fundamental obstacles in the path of a constitutional settlement are as immovable as ever.

Those obstacles are rooted not only in the profound disagreements between loyalists and nationalists over the three-year-old Anglo-Irish agreement and the extent of power-sharing within any future devolved government, but also in the extreme sensitivity among unionist leaders about being seen to be engaged even in talks about talks.

In public, the unionist position remains intransigent. As the Rev Ian Paisley, leader of the Democratic Unionist Party, reaffirmed after this week's disclosures: "There can be no talks on political progress in Northern Ireland until the Anglo-Irish agreement is suspended."

Unionists have rejected repeated invitations from Mr Tom King, the Northern Ireland Secretary, to join the current review of the agreement, apparently on the grounds that such a move could be seen as acceptance of the despised accord.

Both London and Dublin – backed by the SDLP – refuse to suspend the agreement and the path to political progress has remained deadlocked.

There have been unofficial suggestions in Whitehall that the Government might be prepared to suspend or postpone regular meetings of the Anglo-Irish ministerial conference and perhaps put on ice the activities of its British-Irish secretariat based in Maryfield near Belfast, *in an attempt to* entice the unionists to the negotiating table.

While Dublin has also indicated flexibility on ministerial meetings, it has been guided by the SDLP, which has urged that any inter-party talks should be held "outside the framework" of the agreement. For the unionists, that precondition makes talking pointless.

Informal contacts between the parties are known to have been going on for some time, exploring avenues out of the impasse. Although unionist leaders deny it, there are clear signs of frustration in their party rank and file and in the broader unionist community at the lack of progress and the quality of political leadership.

The virulent campaign against the Anglo-Irish agreement *has clearly failed to shift* London. There is a greater willingness to discuss how best to safeguard the loyalist tradition within a new London-Dublin-Belfast axis.

However, as the reaction to this week's publicity shows, the unionist leadership shows an almost obsessive desire to stifle debate within the community on any options that may be under discussion.

Most of the dozen unionist MPs at Westminster seem content to sit back in the confident expectation that the fragile relationship between London and Dublin will deteriorate to the extent that the Anglo-Irish agreement falls apart.

The current campaign for official recognition of the North Down Conservative Association reflects deep dissatisfaction among a body of natural loyalists at what they regard as a lack of effective representation at Westminster.

Recent attempts by lower-level unionist politicians – including Mr Peter Robinson, deputy leader of the DUP, and Mr Ken *Maginnis* of the Official Unionists – to focus this dissent into discussion of practical alternatives to the Anglo-Irish agreement have been defused by the leadership, largely because of the split within unionism between traditional integrationists and those who favour some form of devolved administration.

Devolutionists are themselves divided over the degree of power-sharing on offer to the nationalist minority.

The SDLP is also divided and there is some sympathy for moderate unionist complaints that the SDLP has yet to display sufficient flexibility to allow discussions to proceed.

The current unionist leadership of Mr Paisley and the DUP's Mr James Molyneaux shows little sign of seeking to resolve its internal conflict. Both feel secure in the knowledge of solid loyalist support at the ballot box.

This lack of direction from the top has led some observers to conclude that there will be no progress until the present generation of unionist leaders retires. But there are few signs among those who may take over of the breadth of political vision required to break out of the *laager* mentality.

Since direct rule was established in 1974, several attempts at devolved administration have foundered on the rock of power-sharing, meaning few opportunities for upcoming politicians to cut their teeth.

Several prominent younger unionists – like their nationalist counterparts – have quit politics in frustration to concentrate on other careers. "A whole generation has been lost to politics," says Professor Desmond Rea, head of the University of Ulster's faculty of business and management.

The current unionist leadership learned from its predecessors the bitter cost of trying to lead the loyalist community into change too far too fast. Now, many critics say, it is disinclined to lead at all, remaining safely insulated from any hardline backlash by leaving subordinates to test the waters of change.

As this week's reaction has shown, those waters remain as treacherous as ever.

Unionists James Molyneaux (left) and Ian Paisley (centre) show little sign of tackling conflict in their own parties, while John Hume's SDLP is also divided

**SINN Fein, the IRA's political wing, is to challenge in the Northern Ireland High Court the Government's ban on radio and television interviews with its members.**

**The party was given leave yesterday to apply for a judicial review, which will probably be heard in Belfast later this month.**

**The ban was announced by Mr Douglas Hurd, the Home Secretary, last October.**

**It also prohibits broadcast interviews with members of proscribed organisations, including the IRA and the loyalist UVF.**

**A similar court challenge is being mounted in London and Belfast by broadcasting members of the National Union of Journalists.**

# Electronics group to link with Tamura

By James Buxton

CAMBRIDGE Electronics Industries (CEI) is to set up a joint venture with Tamura of Japan to make transformers and power supply equipment for the British electronics industry.

The two companies are to establish a plant at Cumbernauld near Glasgow which will begin operating in the next two months. It will create 140 jobs and could employ as many as 300 people by 1990 with a total investment of about £3.5m.

CEI, maker of electronic components and transformers, established a link with Tamura, multinational maker of transformers and power supply equipment, in 1986 when it began selling Tamura's power supply equipment through its subsidiary Hinchley.

The two companies are expanding to provide just-in-time delivery of transformers and power supplies to UK-based customers.

Tamura is buying 51 per cent of Hinchley for £1.3m although CEI will continue to manage it. At a later stage the joint venture expects to tackle the European market, aiming to become the biggest producer of transformers and power supplies in the European Community.

Tamura, regarded as a world leader in its field, had sales last year of about £200m and employs 1,000 people in Japan, and 2,400 worldwide. It operates in Taiwan, Singapore, Malaysia, Hong Kong, South Korea and the US.

# School wins VAT appeal

A PRIVATE school has defeated an attempt by the Customs and Excise to levy value added tax on surplus funds it built up to improve its facilities, writes Raymond Hughes.

The Court of Appeal held yesterday that Bell Concord Educational Trust, a registered charity which runs Concord College, near Shrewsbury, was not registerable for VAT. Customs had raised a £300,000 assessment on Bell.

Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, said that making a surplus was incidental to, and not an object of, the company, which was not therefore supplying its educational services for profit.

# Reliability of arms questioned

By Lynton McLain

THE ARMED forces spend an estimated £1bn a year in extra support costs because of the unreliability of defence equipment, the National Audit Office said in a report published yesterday.

Reliability and the ease with which the equipment can be maintained also affected availability. During peacetime "between one third and a half of the Royal Air Force's fast jet fleet is not available for training because of scheduled maintenance, modification action, inspection, or unscheduled rectification," said the report.

It added that there was substantial room for improvement in all these areas. "High reliability is potentially the most cost-effective measure directly opento the department in the equipment field."

The Ministry of Defence accepted that considerable improvements could be achieved which would yield significant savings.

However it had consistently sacrificed reliability and ease of maintenance to performance, initial purchase cost and time. "The MoD needs to ensure sufficient weight is attached to reliability and maintainability considerations when designs and specifications are being prepared," the report said.

Also, if real improvements were to be achieved, there must be the will to delay or halt projects where reliability and maintenance considerations had not been fully considered.

At present there is one central MoD committee concerned solely with reliability and maintainability matters and this "has no executive powers, a rapid turnover of members, no access to funds and does not include any representatives who are responsible for preparing staff targets and staff requirements."

There are only about 30 staff in the MoD wholly engaged on reliability and maintainability activities, "a small number in relation to the total procurement budget of £9bn," the NAO said.

*Ministry of Defence: Reliability and Maintainability of Defence Equipment, Report by the Comptroller and Auditor General. National Audit Office. HMSO. £4.90*

# Big Aveling pension fund deficit emerges

By Eric Short, Pensions Correspondent

THE DEFICIENCY in the two pension schemes operated by the troubled Grantham-based construction machinery maker Aveling Barford, first revealed two months ago, appears to be far greater than first thought.

First indications that there were shortfalls in the funds' assets appeared last December, when it was announced that the commercial branch of the Lincolnshire police was investigating an apparent deficiency put at £1m in the funds.

Now it appears that the two funds – the AB Staff Pension Plan and Hourly Paid Employees' Pension Plan – have a combined value in the region of £12m, which would represent a deficit of about £5m.

Spicer & Oppenheim, the accountant, has been called in to investigate these apparent deficiencies. It has appointed Mr Roger Powdrill, a London partner of the firm, as chairman of a new trustees board, together with Mr John Kendall, a Grantham solicitor.

It is understood that the Serious Fraud Office is involved in the investigations.

Mr Powdrill has called for fresh actuarial valuations from William M. Mercer Fraser, the schemes' actuaries. He hopes to be in a position to comment in more detail on the situation once these valuations have been completed.

Aveling Barford was a subsidiary of British Leyland until sold to Mr K.T. Lee, of Singapore working through a Hong Kong-based company, with a minority share held by Mr A. Eschallier, a US attorney. It went into receivership in 1988.

# Government reconsiders state redundancy rights

By Philip Stephens, Political Editor

THE GOVERNMENT is considering legislation which would enable it to alter the redundancy rights of employees in state industries and agencies which are set for privatisation.

Ministers at the Department of Trade and Industry believe that the legislation may be needed to avoid some of the problems that it encountered last year in its abortive attempt to sell the National Engineering Laboratory.

It is understood that during negotiations on the proposed sale the DTI received legal advice indicating that NEL employees might be eligible for state redundancy payments even if they were subsequently taken on by the new owner.

The Government was then faced with the option of either paying the redundancy itself or providing the finance for Yard, the Glasgow-based engineering consultancy, to take on the potential obligation.

Given the precarious financial state of NEL, the advice is thought to have been a significant factor in the decision by Lord Young, the Trade and Industry Secretary, to defer the sale for two years.

As a result the DTI is considering adding a clause to clarify redundancy rights in such circumstances to a privatisation bill already planned for the next session of Parliament.

The bill will cover sales of miscellaneous state assets in the shipbuilding sector and, possibly, to provide enabling legislation for the sale of other relatively small businesses owned by the Government.

# Extra licence for satellite TV to be abolished

By Raymond Snoddy

THE GOVERNMENT has decided to abolish the licence needed to receive satellite television.

The decision to end the requirement to pay a once-and-for-all licence fee of £10 comes on the eve of the launch tomorrow of Mr Rupert Murdoch's *Sky Television* on the Luxembourg satellite Astra.

About 7,000 licences have been issued so far and the £10 did little more than cover the cost of administration.

The new exemption does not affect the legal requirement to have a licence for conventional television.

The Home Office is, however, looking into the implications of satellite television for the licence fee system. There appears to be a possible loophole in the law that would allow viewers whose sets could only receive satellite television to avoid paying the colour *licence fee of £62.50 a year.*

● The Zurich-based European Business Channel is going to be transmitted by the Astra satellite from Monday. The channel, already available *to 19m homes across continen*tal Europe, will occupy a half-hour segment between 6.30 am and 7.00 am on Sky News, Mr Rupert Murdoch's new 24-hour a day news channel.

# Lockerbie investigation makes 'significant progress'

By Lynton McLain

THE POLICE investigation into the Lockerbie air disaster has made "significant and important progress," according to Mr Peter Fraser, the Lord Advocate of Scotland.

He gave no details but spoke yesterday as the steering committee of the Lockerbie Air Disaster group of solicitors met in Glasgow for the first time.

They agreed to ask Pan Am, owner of the Boeing 747 airliner which exploded and crashed on Lockerbie in December, killing 270 people, "to settle all the claims at the earliest opportunity on the basis of American levels of compensation on behalf of the victims and their families."

Mr Michael Hughes, on behalf of the committee, said: "The committee is to meet attorneys from the US in the next few weeks if Pan Am have not indicated a willingness to settle on the above basis".

The Lord Advocate, Scotland's leading law officer, said the significant progress resulted from "meticulous and painstaking investigative work carried out in the UK and elsewhere."

He said he was concerned at "worldwide speculations and fanciful claims" about the possible perpetrators of the bomb which blew apart the Pan Am jumbo over Scotland after its take off from Heathrow.

"Such speculation could hinder the progress of the investigation," he said, adding that he believed there were those who were deliberately putting out false information.

# Tunnel report firms will advise rail groups

By Kevin Brown, Transport Correspondent

TWO FIRMS of consultants which compiled an independent report on rail capacity in Kent have since been appointed as advisers to consortia seeking the British Rail contract to construct a high-speed line from London to the Channel tunnel.

Steer Davies and Gleave, the transport consultancy, and G. Maunsell and Partners, civil engineering consultancy, completed their joint report for the council in December.

The report, published last month, concluded that none of the four routes proposed by BR for a high-speed line was satis*factory. However, it said that* existing rail capacity in Kent would be insufficient to cope with Channel tunnel trains.

Six groups, including a number of leading British and French construction companies have since submitted preliminary bids to build the line. These bids are being considered by BR, which will announce shortly which of the groups have qualified to submit a detailed bid. BR is expected to table a parliamentry private bill in November for the new line.

Steer Davies and Gleave has been appointed independent adviser to a consortium which includes the UK construction companies Costain, Wimpey and Taylor Woodrow and Spie Batignolles of France.

G. Maunsell and Partners *has been appointed adviser to* a consortium which includes Laing and Mowlem of the UK and GTM Entrepose of France, supported by Tarmac of the UK.

Both firms said they had been appointed after the publication of the Kent County Council report and stressed that their role would be to advise the consortia rather than to take part in the bid.

Mr Colin Sisk, of the South Darenth and Horton Kirby action group, near Dartford, Kent, said he was surprised that the firms had agreed to work for companies seeking to build the link after producing a report which showed higher traffic figures than had previously been forecast.

However, both firms stressed that they had given indepen*dent advice to the council and* that they were being retained as advisers, rather than as members, of the competing consortia.

Mr Tony Hart, the Conservative leader of Kent County Council, said that there was no question of any impropriety on the part of either of the firms.

He added: "Once they have finished working for us they are free to work for anybody they like, just as a barrister might appear one day for the prosecution and the next for the defence."

● **Andrew Taylor writes:** Acer Group, the UK consulting engineer, yesterday emerged as the leader of the sixth consortium bidding for the high-speed line contract. Other members of the consortium are BAA, formerly British Airports Authority; *Peninsular & Oriental Steam* Navigation; Trusthouse Forte; and Hambros, the merchant bank. The identities of the other consortia emerged earlier.

# New chief executive at Thomson Travel

SENIOR management changes were announced yesterday at Thomson Travel, Britain's largest package tour operator.

Mr Paul Brett, managing director, will next month become chief executive, replacing Mr Roger Davies, the present chairman and chief executive, who becomes non-executive chairman of Thomson Travel.

## UK NEWS

# Bill on right of reply wins unopposed second reading

By Tom Lynch

THE BILL to give a right of reply to people who are the subjects of untrue stories in newspapers was given an unopposed second reading in the Commons yesterday after MPs expressed serious doubts about the ability of the Press Council to curb excesses.

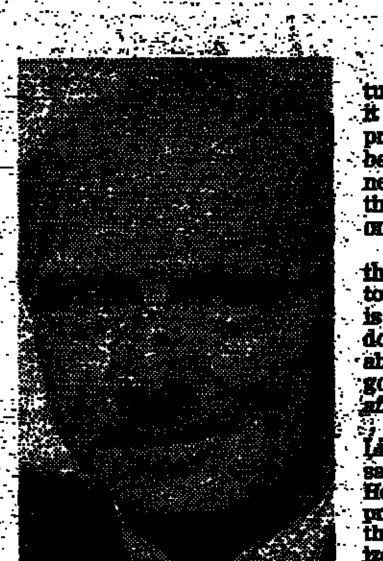
There were loud cheers as MPs surrounded Mr Tony Worthington, the Labour member for Clydebank and Milngavie, the bill's sponsor. The cheers came because no voices were raised against the private member's bill after a five-hour debate.

The bill now goes to the committee stage but has little chance of becoming law in its present form because of Conservative doubts about the principle of state regulation and the practicability of implementing the bill's proposals.

Many of those supporting the bill hope that its passage will put pressure on the press to make self-regulation through the Press Council more effective. Mr Louis Blom-Cooper, the council's new chairman, was in the public gallery and heard MPs criticise the council.

The bill proposes that people or groups of people wronged by a newspaper should be able to obtain a correction in the newspaper with the same prominence and placing as the offending item. The law would be enforced by a Press Commission appointed by the Home Secretary.

Opening the debate, Mr



Tim Renton: self-regulation would be more effective

Worthington said that the bill would protect the vast majority of the population who could not afford the legal costs involved in a libel action.

The tabloid newspapers were becoming "ever more outrageous" in their circulation battle. "Live people are being used as bait in order to get more readers." Newspapers should compete but should not "defame with impunity."

He predicted that "sermons" from Mr Blom-Cooper would not change the tabloids' behaviour and he asked Mr Tim Renton, the Home Office Minister, what excesses would have to occur before the Government decided to act.

The Press Council was structurally inappropriate because it was owned by the newspaper proprietors and half its members were drawn from the newspaper world. He insisted that the bill was not an attack on press freedom.

He said: "It is an attack on those few proprietors and editors who abuse their power. It is an extension of press freedom when those wrongly abused can answer back. No good newspaper will be affected by this legislation."

Mr David Steel, the former Liberal leader, said: "The message that must go out from this House today is that we are not prepared to sit by and watch the continued abuses of the citizenry of this country by the press and do nothing about it."

Mr Renton insisted that competition in newspapers "should be able to take place without damage to lives, reputations and families through insensitive and misleading reporting."

People should have the right to have inaccuracies rectified, but he questioned whether that should be enshrined in statute. Voluntary self-regulation was more effective and appropriate than legislation and he called for support for Mr Blom-Cooper to produce "a more effective, quick-moving and more respected Press Council."

Mr Mark Fisher, supporting from the Labour front bench, told Mr Renton: "If you don't back a measure like this, you will be giving a free market to distortion and inaccuracies."

## Minister wants to ban sales of untreated milk

By Charles Hodgson

THE Government announced yesterday that it may ban the sale of untreated or "green top" milk after concern about possible health risks.

Mr John MacGregor, the Agriculture Minister, said he would consult farmers, consumers and other interested parties "with a view to prohibiting the sale of untreated milk from the earliest possible date."

Untreated milk accounts for between 2 per cent and 3 per cent of milk sales in England and Wales, and is particularly popular in northern England. It has long been recognised as a potential source of infection from salmonella and other micro-organisms.

"Effective heat treatment is the only way to minimise the risks of transmitting milk-borne diseases to the consumer," Mr MacGregor said. Green-top milk, banned in Scotland in 1983, is not sold to schools or public institutions.

## Brewing study ready

THE MONOPOLIES and Mergers Commission yesterday delivered its report on the brewing industry to Lord Young, the Trade and Industry Secretary. The DTI has not yet said when it will publish the commission's recommendations.

# Thatcher rejects Scottish separatism

By James Buxton, Scottish Correspondent

MRS Margaret Thatcher, the Prime Minister, yesterday rejected the Scottish National Party's policy of seeking an independent Scotland in a European Community.

Without naming the SNP, support for which is standing at 32 per cent in the opinion polls in Scotland, she warned that its policy of "independence in Europe" would mean fragmentation which would be unacceptable both to her and to other EC countries.

"Several countries in the EC have separatist movements," she said during a visit to Scotland. "If those movements were to succeed in their separatist ambitions, what would then be the position of the breakaway parts in relation to the Community?"

They would "fragment Europe," she said, "undermine its progress and destroy its strength.

"I would have no truck with any such move. And I am convinced my European colleagues don't want fragmentation any more than I do."

The SNP argues that it would have little difficulty becoming an independent member of the EC. Mrs Thatcher said: "Unanimous agreement is required on all important matters (in the EC). So I do not believe it will happen."

The Government, she said, was as committed as ever to the union of the UK. It was in the union that "we have flourished and found strength."

The Prime Minister also rejected Labour and Democrat schemes for a devolved Scottish assembly, which she referred to as "yet another layer of government."

The Government, she said, believed in devolution to the individual citizen – by giving power to people as patients in the health service, as parents in education and as tenants and home-owners in housing. She said that in housing, the Government's ambition was that "every Scot can become a man of property."

Mrs Thatcher was speaking to a lunch for the Newspaper Press Fund in Glasgow. Support for the Conservative Party in Scotland is at only 20 per cent according to opinion polls - 4 per cent less than its share of the vote in the 1987 general election when it lost 11 of its 21 seats.

The Prime Minister added: "Scotland is resurgent because the Scottish people are working in a positive, constructive and enterprising atmosphere.

"Our policies are working because they have found a response in the Scottish people, however reluctant some may be to admit it."

# British Screen Finance will look to Young for more cash

**Raymond Snoddy** on a threat to film production

BRITISH Screen Finance, the body which invests in British film production, is to tell the Government that the organisation will have to be wound down unless government financial support is extended.

British Screen was set up in 1986 as a private-sector replacement for the National Film Finance Corporation, which was abolished.

At that time the Government agreed to make £1.5m a year available for five years. The organisation was then expected to become fully self-financing.

Mr Simon Relph is British Screen's chief executive and co-produced the film The Ploughman's Lunch.

He will tell Lord Young, Trade and Industry Secretary, that considerable progress has been made towards self-sufficiency, which remains the goal, but that further government support will be needed after the commitment expires at the end of next year.

If support is not forthcoming, Mr Relph says: "I would have to begin to wind down the company in the last two years of its life."

British Screen is the only body investing money in the commercial British film industry. It profited from investments in films such as Personal Services and Rita Sue and Bob Too.

It has lost money, so far, on films such as The Kitchen Toto and High Season. It recouped its investment in Prick Up Your Ears.

Since 1986 British Screen has

Simon Relph: putting case against winding down

made investments ranging from £50,000 to £500,000 in 36 British feature films and 14 shorts, a total that will rise to 50 feature films and 25 shorts by the end of next year.

Mr Relph will base his case to the Government for more financial aid on the extra investment attracted and the jobs created by British Screen's activities.

The organisation's shareholders are Channel 4, Granada Television, Rank Organisation and Cannon Group.

It has invested a total £14.2m in British film production. This was an essential ingredient which enabled films with a total investment of £56.2m to be made, investment that generally came from outside the UK.

"I don't think any of it would have happened without my investment," said Mr Relph, who says he is often the last resort for British film-makers trying to raise money.

The government investment is more than covered by taxes it obtains from completed films.

"It is a very good deal for the British Government, and the money is very precisely targeted for the support of small business," said Mr Relph.

He is exploring ways to broaden British Screen's financial base, including possibilities ranging from issuing its own video label to taking a stake in film distribution.

Since British Screen was set up it has had £5m from the Government, £3.15m from its four shareholders and £3.7m from the portfolio of film rights accumulated by the NFFC. It was able to invest a further £2.4m in roll-over finance, by reinvesting profits.

Between 1980-85 the NFFC recovered about 35 per cent of money invested. British Screen has recovered 45 per cent back in its first year. Mr Relph is confident this will rise to at least 65 per cent as the library of rights continues to earn.

Rank and Cannon have stopped investing new money in British Screen but have left existing investment. Only Channel 4 and Granada as active supporters, in addition to the Government.

UK television and video industries account for about £3bn a year.

Mr Relph believes that there is something seriously wrong if an organisation like British Screen is unable to survive.

## EMPLOYMENT

## Councils launch recruitment agency

By Michael Smith

METROPOLITAN local authorities yesterday launched the first nationwide recruitment agency for councils in response to growing skill shortages.

As well as trying to improve the authorities' image among school-leavers and graduates, Metra (the Metropolitan Authorities Recruitment Agency) hopes to tempt back people who retired from local government early.

It plans to set up an executive leasing agency, employing retired people part-time and allowing authorities to hire their services when needed.

Of the AMA's 60 members, 24 have paid the £6,000 fee to join Metra. Another 10 are close to doing so, says Mr Stephen Bubb, Metra executive secretary.

Skill shortages are being experienced throughout the country in a range of areas, including accountancy, law, trading standards, social work and computing.

Lacsab, the local government employers' advisory board, says 76 per cent of authorities have a recruitment and retention problem in one or more occupational groups.

Metra, which is being advised by MSL Advertising, will help local authorities to improve recruitment methods, as well as provide pooled recruitment campaigns, prepare national literature and videos, and take part in events such as job fairs.

Plans for the first local government sponsorship of undergraduates are also being drawn up.

## Jobs expansion accelerates in Milton Keynes

By Jimmy Burns

THE EXPANSION of jobs in the service sector, particularly in banking and retailing, in the new town of Milton Keynes has accelerated, according to the annual employers' survey carried out by the Milton Keynes Development Corporation.

The survey shows a net increase of 8,420 in the the number of jobs created between April 1987 and April 1988, almost double the increase of the previous three years.

The rise was accounted for largely by the service sector where the number of jobs increased by almost 13 per cent to 51,588 in 1987/88 compared to the previous year. The increase of 6,200 last year compares to an increase of 3,850 in 1986/1987. The proportion of jobs in the town represented by the service sector increased from 66.6 per cent to 68.7 per cent between 1987 and 1988.

In its distribution of full-time jobs between men and women, Milton Keynes shows a pattern similar to the national average – the proportion is 67 per cent and 33 per cent respectively.

*Employers' Survey Report, MKDC, Saxon Court, 502 Avebury Boulevard, Central Milton Keynes MK9 3HS. Free.*

## Solicitor shortage hits city council's legal services

By Michael Smith

NEARLY half the solicitors' jobs in Birmingham council's legal department are vacant – or will shortly become so – as the city struggles to cope with a growing shortage of recruits in the profession.

Mr George Pitt, city solicitor, has told the council that none of the vacancies is likely to be filled before the summer.

Recent resignations mean that the department is unable to provide a general litigation service in areas such as prosecution, personal injury claims and debt collection. More work is being placed with private solicitors.

Mr Pitt says in a report to the council that the position cannot be contained in this way. "As staff leave, pressures increase on those who remain, thereby increasing the attraction of alternative employment in the private sector."

In another recent report, the council's management effectiveness unit blamed the department's recruitment problems on lower salaries than the private sector, poor career progression, an excessive workload and a national shortage.

As a result, a career grade structure was introduced and four additional posts for solicitors were created. This brought the total to 20, nine of which are either vacant or will shortly become so.

Mr Pitt says he recently advertised the vacancies but received no response from qualified solicitors.

# Tesco offers young staff wage rises of up to 22%

By Michael Smith, Labour Staff

TESCO, the food retailer, is offering wage increases within the next year of up to 22 per cent to young staff as well as shorter working weeks and increased holidays to all shop employees.

The move, which is in response to growing recruitment and retention problems, is expected to set a trend for generous settlements in the food sector.

Tesco's agreement with Usdaw, the shop workers' union, provides for wage increases of at least 7.75 per cent, a reduction in the working week from 39 to 38 hours and between two and five days extra holiday a year.

The pay for staff aged 16 will rise by 22 per cent – providing they have worked for six months. For 17-year-olds, it will rise by 20 per cent. This reflects employers' growing difficulties in recruiting young people.

Tesco, which employs 72,000 shop workers, has been at the forefront of innovative efforts by employers to tackle staffing difficulties. Last September it became one of the first groups to realise the growing importance of older workers when it launched a recruitment drive in London for people over 55.

The pay deal is the first agreed by any of the large supermarket chains since the Multiple Food Retailers Employers Association ended national industry-wide pay bargaining for pay and conditions.

Tesco's agreement provides an extra two days holiday a year to employees who have been with the company for more than a year. This takes their entitlement to 22 days.

In a further attempt to provide incentives for staff to stay on, workers with five years experience will be entitled to 25 days, against the present 20.

For the first time, holiday benefits will be extended pro-rata to part-timers who work less than nine hours. This reflects the growing need for employers to recruit and retain part-time staff, who tend to be mostly women.

In addition, women on maternity leave will receive full holiday entitlement, providing they return to work for at least three months after the end of their leave.

The deal, which is being recommended unanimously by Usdaw's national negotiating committee, is subject to a ballot of union members which closes next Wednesday. If the union is backed in the ballot, provincial wage rates will rise from: £95.45 to £103.09 a week for 18 year olds and above; £68.72 to £82.47 for 17 year olds; and £59.18 to £72.16 for 16 year olds.

## BBC journalists threaten VDU action

By Jimmy Burns

JOURNALISTS at the BBC are threatening to take industrial action in what could become the first strike to be organised by a group of UK employees over the health implications of the use of Visual Display Units (VDUs).

Over 150 members of the National Union of Journalists at the London headquarters of the BBC's World Service have voted to strike unless management withdraws by the end of next week a threat to suspend anyone who refuses VDU training.

At the BBC's monitoring service in Caversham, Buckinghamshire, over 100 journalists have also threatened to strike over VDUs.

Ms Janet Andersen, an NUJ chapel officer at the World Service, said: "We are not objecting to the introduction of new technology. What we are objecting to is the inadequacy of the health and safety provisions."

Journalists want guarantees written into their agreement with the management that pregnant women will be allowed to work without VDUs. They also want hourly screen breaks.

The BBC yesterday disputed journalists' claims that there had been five miscarriages among production and secretarial staff using VDUs.

## Prison staff reject union peace proposals

By Jimmy Burns, Labour Staff

STRIKING prison officers at Wandsworth prison yesterday called for the national support of their colleagues after rejecting a proposal from their union leadership for ending their five-day dispute.

Mr Terry McLaren, of the Wandsworth branch of the Prison Officers' Association, said a delegation from the union's national executive had offered a new set of proposals to settle the dispute which were totally unacceptable.

Neither Mr McLaren nor the POA was prepared to give details of the proposals. Wandsworth prison officers indicated, however, that they represented considerable concessions by the union after talks with the Home Office on Thursday night ended without any apparent agreement.

The POA's executive voted earlier this week to call a national conference of branch officials next week. The conference is to consider what action to take over the dispute at Wandsworth where 200 police officers have taken charge of the prison.

Local POA officials have said that prison officers at at least three other prisons, including Holloway, North London, were prepared to strike in support of Wandsworth.

The dispute began last Sunday when prison officers walked out in protest at the introduction of shifts aimed at improving weekend cover.

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telex: 8954871 Fax: 01-236 9764/5 Telephone: 01-248 8000
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# Enjoy the Ides of March

FOR MR NIGEL LAWSON fiscal policy remains the one area of unalloyed triumph. Not only has he secured an overall fiscal position of unparalleled strength but he has also introduced major and – on balance – highly desirable reforms of the tax system. The current account may yawn like an abyss; monetary policy may be in disarray; inflation may be creeping up once more; but both the public accounts and the tax system appear in excellent shape. Mr Lawson need not beware Budget day, which falls this year on the eve of the Ides of March.

Not that Opposition critics would agree. They allege that he relies too heavily on the blunt instrument of interest rates, their preference being credit controls. Fiscal policy has played too small a macroeconomic role, they also assert.

So far as the overall balance of macroeconomic policy is concerned, these criticisms are wide of the mark. The Chancellor has certainly not aimed for the same fiscal balance, irrespective of the buoyancy of the economy. The public sector borrowing requirement (PSBR) stood at £5.8bn in 1985-86, at the beginning of the expansionary phase; the public sector debt repayment (PSDR) will reach £9.8bn in 1988-89 according to the Autumn Statement.

### Built-in stabilisers

The Chancellor's fiscal management, though very important, has depended on the built-in stabilisers created by fiscal drag (the tendency of revenue to rise faster than nominal income in a progressive tax system) rather than frequent discretionary changes. Changes in interest rates have been the main instrument of discretionary policy.

Such changes in interest rates are far from a particularly blunt instrument. With the personal sector highly indebted and corporate finances outstandingly healthy, the higher cost of funds falls where it needs to, on personal borrowing. It is depressing that, at the first sign of trouble, respected leaders of the Labour Party like John Smith call for "temporary" controls on credit. Such controls are undesirable in themselves, probably unworkable and, if workable, unlikely to prove temporary.

With fiscal policy adjusted just once a year, the Budget is of considerable importance, its importance being no less this year, when both the economy and Mr Lawson's reputation are in a delicate condition. As usual, the Green Budget published this week by the Institute of Fiscal Studies provides a clear picture of Mr Lawson's dilemma, that of an *embarras de richesses*.

According to the IFS, the Chancellor has underestimated likely revenue for 1989-90 by no less than £15bn. Mr Lawson could cut taxes by £17bn and still remain within the letter of the medium term financial strategy (MTFS). Not being suicidally inclined, the Chancellor will do no such thing.

### Budget judgment

The Treasury's poor forecasting record has reintroduced the budget judgment. A neutral policy could now be defined as one that aims for the same PSDR as a share of gross domestic product as this year. Such a PSDR would be just under £13bn (as against the IFS forecast of £12bn for this year). The Chancellor could then remit £4bn in tax cuts, with the rest of his revenue windfall going to debt repayment.

On past form, the Chancellor is likely to take last year's outcome as this year's target. But, with the customary conservative revenue forecasts, he would then pretend to have room for smaller tax cuts than £4bn.

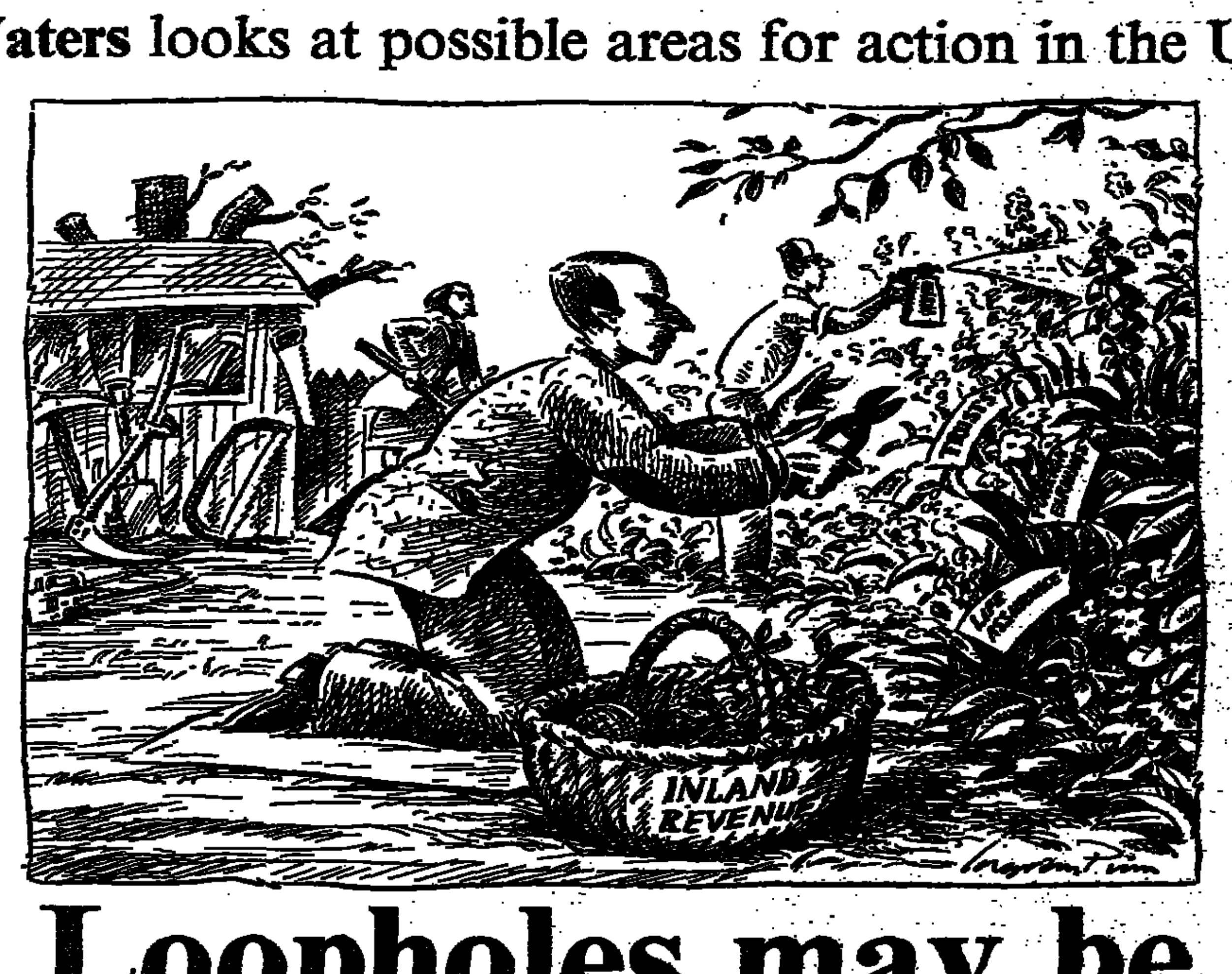
The economic significance of the difference between no tax cuts, on the one hand, and cuts of £4bn, on the other, should not be exaggerated. The IFS assumption of £3bn in cuts can be accepted as a sensible (and perfectly plausible) splitting of the difference.

Two macroeconomic considerations determine where one comes out between the limits. There is the concern that sustained current account deficits will generate a creditworthiness problem for the UK (which argues for higher fiscal savings). There is also the fear that the recessionary impact of a tight fiscal policy may increase subsequent pressure for a premature cut in interest rates (which argues for fiscal loosening).

The failure to cut taxes now would allow greater tax cuts or *expenditure increases in future*, since a PSDR of £10bn means a permanent reduction of about £1bn on debt interest. Because there are good arguments both for increases in public expenditure and for a cautious fiscal position now, the Chancellor should come out towards the lower end of the range for tax remissions.

None the less, the Chancellor has every chance of offering tax cuts along with an exceptionally strong fiscal position, both by the standards of other major countries today and by those of the UK's past. 1989 is unlikely to be an easy year for Mr Lawson; March 14 should be a shining exception.

## Richard Waters looks at possible areas for action in the UK Budget




# Loopholes may be Lawson's target

Tax reform is usually associated with a bold but simple gesture: last year's decision to tax husbands and wives separately, for instance, or to lop a third off the top rate of income tax.

Judged in these terms, this year's Budget is unlikely to go down as a major reforming event. The fear of inflation rules out significant tax cuts, while Chancellor Nigel Lawson has already pushed through extensive reforms to the taxation of individuals (last year) and companies (1984).

However, there are a number of less visible subjects on the Treasury's agenda which, taken together, could still make 1989 a significant year for tax reform. And Mr Lawson's enjoyment of the unexpected and dramatic should give pause for thought to anyone already discounting the possibility of reform this time round.

The question for the Government is whether it has the will to introduce a series of potentially radical changes which have already been floated or hinted at publicly, or whether it will opt to attack "loopholes" without attempting fundamental reform.

The Government has identified three areas of the tax system in the past year as worthy of root-and-branch reform. In each, piecemeal or outdated legislation has created a complex and arguably unjust system.

The first concerns the amount of UK tax paid by people who spend only part of their time in the country, or who are not "domiciled" in the UK (which, roughly, equates to being a non-UK national).

Last year saw the publication of a major consultative paper aimed at tidying up this area. Too many people benefit from spending all or part of their time in the UK while not paying UK tax, said the Revenue.

The tax system in this area has all the hallmarks of a fitting subject for any Chancellor's reforming zeal. It is inequitable (some who are not technically "domiciled" in the UK can escape tax by simply not paying overseas income into the country, while others are taxed even if they spend one night a year in the UK). It is open to abuse (by going abroad for a year, it is possible to avoid tax on capital gains which may have accumulated in the UK over many years). It is complex and uncertain in impact, being based on what the Revenue calls "ancient case law and sketchy statutes." It is difficult to enforce.

These are good reasons for change. But the Government's preferred answer has been widely criticised as unworkable. This is to tax people on a proportion of their worldwide income, not just that earned in the UK, after a certain amount of time has been spent in the country.

It would also affect British citizens moving abroad, who might find themselves technically "resident" and taxable in the UK in the year after they have left the country.

Few now expect fundamental reform in this area, at least this year. There are likely, however, to be *attempts to plug some of the loopholes*. One of these is the use of "dual contract" arrangements to pay foreign staff employed in the UK. This involves paying part of their income *outside the country, escaping UK tax*. Another is the ability of UK residents to escape capital gains tax by going abroad for a complete tax year to realise gains outside the UK tax net.

Anti-avoidance provisions aimed at these abuses may be a way of catching much of the lost tax without the type of major reform envisaged in the Government's green paper.

The second subject for reform which has come into the government's sights over the past year is the taxation of the life assurance industry. According to the Government, life companies simply aren't paying enough tax. The tax system to which they are subject, introduced more than 60 years ago, gives them unfair competitive advantages over others competing for the same savings.

The Revenue has put forward two radical suggestions. One is to tax people every year on the gains arising on their policies, even though they will not actually receive the gains until the policies mature – leaving investors with the problem of funding a tax liability in the meantime. The second would be to tax life companies on the difference between their reserves at the start and end of the year – in other words, taxing them on changes in their net wealth rather than on the "profits" they report.

The Revenue has acknowledged the drawbacks in these schemes and has suggested an alternative: maintaining the current system, but removing *some of the reliefs which allow life* companies to reduce or in some cases even eliminate their taxable profits. The industry now expects a compromise along these lines rather than more permanent reform – *although* opinions are divided on whether the changes will emerge this year.

The third of the three areas of potential reform is the taxation of trusts. Last summer the Treasury said it was carrying out a review with a view to simplifying the system. The Government has given no indications of its thinking in this area and experts do not expect major changes without extensive consultation.

However, changes may be made to the tax treatment of off-shore trusts. Tax on capital gains made in these trusts can be delayed indefinitely, since it only becomes due when the gain is paid into the UK. Many now believe that the rules for these settlements will be changed without warning to prevent the "leakage" that always occurs when taxpayers are given notice that an advantageous tax arrangement is to be scrapped.

A number of other possible areas of reform are thought to have a good chance of coming within the Chancellor's sights. The most widely touted is an extension of the benefits of personal equity plans (PEPs). Introduced in 1986 to encourage more people to invest in shares, these are widely viewed as a resounding failure since they appeal mainly to existing (and generally wealthy) shareholders.

With personal savings falling, runs

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the often-heard argument, reviving PEPs would help to reverse the trend and so benefit the economy generally. Economists place little weight on this argument: a tax inducement does not increase the overall level of savings, it only encourages investments to flow out of one pot into another.

However, there is a second and perhaps more compelling reason for a boost to PEPs. Wider share ownership, a political initiative of earlier years, was stopped in its tracks by the stock market crash. According to the Wider Share Ownership Council, many small investors who bought shares in one or more privatisation issue have not spread their investment across enough companies. Share ownership may be wide, but it is not deep, it says.

This could be a political time bomb. No government wants the responsibility of having allowed millions of small investors to put their eggs in one basket. Enough people may now own shares: the next initiative, perhaps with the help of a rejuvenated PEP, is to encourage them to invest more widely.

That spreading share ownership could catch a political wind is shown by the Treasury's recent interest in doing away with pre-emption rights. These give existing shareholders first call over a new issue of shares by their company, and so encourages the concentration of shareholdings, says the Treasury.

*Another idea that could catch a* political wind is the removal of the barrier which discourages men over 65, and women over 60, from working. These people are likely to become an *increasingly important part of the* workforce as the number of school-leavers declines in the 1990s. The barrier takes the form of a deduction from the state pension for those whose earnings go above £75 a week. The Government has promised to abolish this penalty in two of its last three election manifestos, though not the latest. But a campaign by a group of right-wing Conservative MPs to bring it back on to the agenda is thought to have a good chance of gaining the Chancellor's ear.

Two further potential reforms, although unlikely to catch the imagination of the average taxpayer, are of importance to those who work day-to-day in the tax field. They involve the administration of the tax system, and so indirectly have a bearing on the cost to the Revenue of collecting tax and the cost to the taxpayer of complying with tax law.

Last year's Finance Act brought a partial integration of income and capital gains tax. Tax practitioners, led by the Institute of Taxation, now want Mr Lawson to remove or reform a series of anti-avoidance provisions which they claim are outdated by this move.

Tax legislation is littered with provisions designed to prevent income being converted into capital gains. Such provisions may have been necessary in 1987-88, when the top rate of income tax was 60 per cent while capital gains were taxed at 30 per cent. Now both are taxed at the same rate, removing much of the motivation for this form of avoidance.

A whole raft of anti-avoidance legislation should be scrapped, say the critics, including the accrued income scheme, offshore funds legislation, close company apportionment rules and share options anti-avoidance rules. *Any move in this direction* would achieve something that no Chancellor has managed in recent memory: it would actually simplify an ever-more-complex tax system.

*The second possible reform* to the administration of the tax system relates to the continuing overhaul of the powers of the Inland Revenue and Customs and Excise. This has been in *train since 1980*, and is likely this year to focus on the compliance regime for corporation tax and PAYE. This includes the completion of the "pay and file" system, which will transform the way *companies* pay tax from 1992 onwards.

Companies will have to estimate and pay their tax bill without waiting for an assessment from the Revenue. *This year's Finance Act will outline* the penalties for under-assessing the amount of tax due.

The enforcement system for personal tax, *on the other hand*, will remain *largely* unreformed. The Revenue has to cope with the introduction of a new system of taxing husbands and wives and other practical considerations before tackling such an issue. This means that the (unenforced) requirement to complete a tax return within 30 days will remain in law, though penalties for excessively late filing will be updated. For instance, the £5 penalty that has existed since 1907 for filing late returns where no extra income or capital gains are involved will be upped to £100.

Apart from these measures, there are countless reforming proposals on the shopping lists of interested parties and lobby groups. Few are likely to make it to the statute book.

Meanwhile, there is one subject which is widely expected to attract the Chancellor's attention, if only because he hinted as much in last year's Budget: company cars. Employees with company cars paid tax on only about a quarter of the benefit before the 1988 Budget. Increasing this proportion to about a half, Mr Lawson said: *"The scale of the undertaxation is so great that it cannot be put right in a single year."*

The sharp increase in the tax on company cars did not hit car sales in the UK last year. In fact, despite the dire warnings of the motor industry, sales reached an all-time high – giving Mr Lawson ample room to apply another significant increase. Critics claim that the tax has failed to distinguish between those drivers whose company car is a straight "perk" and those for whom the car is an important part of their job. If the Government wants to tax the "perk" element more heavily, they say, it should find a way of singling this out without penalising true business drivers.

Meanwhile all company car drivers should be bracing themselves for another onslaught on Budget day.

## *MAN IN THE NEWS*

### Kenneth Clarke

# The NHS supporter who wears scuffed suede shoes

**By Philip Stephens**


It took a Richard Nixon to transform US relations with China and a Ronald Reagan to get the first arms reduction deal between Washington and Moscow. So Margaret Thatcher chose Kenneth Clarke, Secretary of State for Health, to push through the radical shake-up of the National Health Service that has eluded her since 1979.

The analogy, drawn this week by a colleague at Westminster as Mr Clarke toured the country on his NHS roadshow, is far-fetched – but it does have a grain of truth.

Mr Clarke is by far the strongest supporter of the NHS within the senior ranks of the Cabinet. Unlike most of his colleagues, he uses the system. His daughter works in it as a student nurse. So if anyone has a chance of persuading doctors, nurses and, most importantly, Conservative MPs and voters that what the Government wants is a better, rather than a dismantled, health service, it is Clarke.

*If he succeeds, he will establish* himself as front runner among the younger generation of ministers to take over from Mrs Thatcher as the next leader *of the Conservative* Party.

At the end of this week's hectic round of presentations to health service workers and the accompanying television and radio blitz, Mr Clarke appears confident that the reforms will not be rejected out of hand. The doctors' trade union, as he likes to refer to the British Medical Association, has not yet, he says, retreated to its traditional position of opposing all changes on principle.

Whatever the misgivings about plans to allow hospitals to become self-governing and GPs to opt for their own budgets or about the new limits on *prescription costs, says* Mr Clarke, they are at least prepared to listen to his case.

The one doctor he saw on television roundly condemning *the proposals*, "clearly *had not* the faintest idea of what he was *talking* about."

It was Mr Clarke's ability to present the Government's case as well as his reputation as a friend of the NHS that *prompted Mrs Thatcher to* choose him for the job last summer when she split up the old Department of Health and Social Security. Mr John Moore, *his predecessor*, had found it impossible to shake off the Government's image as a reluctant guardian of the NHS.

Mr Clarke, however, is hardly in the Saatchi & Saatchi mould. No one would ever describe him as elegant, even though he had clearly made a conscious effort this week to spruce himself up for the television cameras.

At Westminster, he is known, and liked, for his informal, slightly shambling appearance, and as a man happy to share a joke with humble backbenchers and even humbler reporters.

His portly frame, which reflects a fondness for beer and scotch eggs, and his crumpled suits and scuffed suede shoes *are well-established* trademarks, as is his passionate support for Nottingham Forest football team.

He is the sort of man with whom it is easy to strike up a conversation in the local pub: intelligent but unpretentious, with strong views on some issues but open to argument on many others; as happy to talk about Brian Clough as about his dislike of vested interests in the health service.

His political strength, according to his friends, is that he comes across as honest because, insofar as any politician can be, he is honest.

That, however, does not make him soft. The 48-year old son of a Nottinghamshire miner, his education at Cambridge and training as a barrister did not take the rough edge off a naturally aggressive temperament.

His response this week to *the attacks on the White Paper* by Mr Robin Cook, his formidable Labour opponent, was liberally sprinkled with insults. "Half-baked," "pathetic," "ridiculous," "ludicrous" were favoured epithets.

Criticism that the Conservatives were spending £1m of taxpayers' money to promote its own ideas for the NHS prompted the retort that Labour's idea of consultation was "to ring up NUPE (one of the health workers' unions), reversing the charges, and ask what they should be expected to say."

Nor is he one of the traditional "wets" on the Tory left. He cannot deny a distinctly soggy outlook when he first entered Parliament in the 1970s, but the success of Thatcherism has prompted him to move to the right on many, if not all, issues.

His spells during the 1980s as a junior minister of health, employment, and trade and industry, showed that his views on trade unions and state subsidies are barely distinguishable from those of the Prime Minister. While Mr Tony Newton, the Industry Minister, agonised for months last year over the closure of North East Shipbuilders, Mr Clarke – said one of his former officials at the department – would have not hesitated for a second before shutting it down.

He makes no secret of his disdain for the health service unions, deliberately engineering the breakdown of negotiations on the implementation of the nurses' pay award. Hospital consultants find themselves described as "recalcitrant".

Nor does his support for the NHS extend to egalitarianism. He opposed Mrs Thatcher's insistence that tax relief be given on private health insurance taken out for the elderly, but he has shown no qualms in defending it this week. The suggestion that encouraging NHS hospitals to provide optional extras for patients who can afford to pay will create a first- and second-class service is dismissed as a "laughable parody."

While other ministers are fretting about the implications of the major cabinet reshuffle expected in the summer, Mr Clarke expects to be given the two years he has set himself to *get the NHS reforms fully* under way.

Not all of them are his own ideas. The plan for self-governing hospitals was already on the table when he took over; there is no mistaking the distinctly Thatcherite tinge in other parts of the White Paper nor the imprint of the Treasury in some of the new financing rules.

Mr Clarke acknowledges also that he will have to fight the Treasury to get substantial amounts of extra money to smooth the implementation of the changes. But for the moment, at least, the odds look to be firmly on his side.

**Robert Graham** reports on the coup that overthrew Paraguay's President Stroessner

# A squabble over the family silver

General Alfredo Stroessner has finally fallen victim to the policies that so successfully sustained him as a military dictator in Paraguay for 34 years. The coup which ousted him yesterday is redolent of a more primitive era of personalised politics in Latin America. Land-locked Paraguay still follows a quixotic path of its own.

The 76 year-old Generalissimo presided over a system which converted this sparsely populated nation of 3.8m into a vast family enterprise, with him omnipresent at the controls. Those who cooperated and accepted the formality of President Stroessner's ritual re-election every five years were rewarded with a share of the spoils. Opponents were cowed into silence through imprisonment, exile and censorship by the military. They were kept happy because they enjoyed the greatest share of the spoils.

With a weak and divided opposition, the main battle over the succession has scarcely touched on the issue of whether Paraguay moves towards a democracy. (General Stroessner and his associates in the Colorado Party dealt with the issue in their ruling slogan, which has always been: "Peace, Justice, Democracy.") The battle, instead, has been an internal one over the spoils of office: "a squabble over the family silver," commented one Latin American diplomat.

It is therefore not surprising that General Andres Rodriguez, 64, who headed the coup, should be a long standing crony of Gen Stroessner. His daughter, Graciela, is married to the ousted president's youngest son, Alfredo.

Gen Rodrigues stood to lose most in the succession either if power were to pass to more junior officers or to a democratic government. He heads the First Army Corps, whose luxurious barracks on the outskirts of Asuncion look more akin to a country club, with ageing Sherman tanks as decorations. Nevertheless, this is the most powerful unit in the armed forces and the regime's key military prop.

Gen Rodriguez has been associated with some of the regime's fiercest repression and is a symbol of how the military have enriched themselves. Once challenged how, on a general's salary of $400 a month he was able to own a $5m property, he is alleged to have replied: "Because I gave up smoking."

The coup appears to have been triggered when the ousted president tried to remove Gen Rodriguez from active command. A 24 hour gun battle round the presidential residence in Asuncion followed, before Gen Rodriguez announced victory.

The fate of the former president poses some headaches. He has become an embarrassment to all his Latin American neighbours, including Chile – even though in the early 1980s the Pinochet family acquired property in Paraguay. He has quarrelled seriously with the US over his refusal to improve his regime's human rights record. And his overseas friends such as South Africa and Taiwan would not be comfortable accepting a man whose sympathies with Nazism led him to shelter the war criminal Josef Mengele, and who has been portrayed as the epitome of the old-style Latin American dictator.

Yet to allow him to remain inside the country would pose equal problems. He has moulded Paraguay in his own image. The second biggest city – Ciudad Stroessner – bears his name. So does the international airport and countless streets, squares and statues. He is treated with a mixture of respect and distaste rather than fear; and his reputation as a lady's man, with many children sired out of wedlock, adds to his aura.

He has enjoyed a degree of popular support: he was the first to open up the country with modern roads and he brought wealth through his agreement with Brazil to build the immense Itaipu hydro-electricity project. When complete in two years time, its total installed capacity will be 12,000 MW, six times that of the Aswan Dam.

Money generated by the construction and operation of the dam have provided enough wealth for him to appear a benevolent dictator, relying on co-option more than force.

But this wealth has been grossly misused. Much was channeled into a false property boom in Asuncion, which destroyed the capital's elegant sleepy skyline with a rash of skyscrapers. Many are only partly occupied after more almost a decade. Manipulation of the exchange rate produced a scandal implicating the Central Bank, with losses approaching $100m.

Gen Stroessner also turned a blind eye to contraband. Nestling between Argentina, Brazil, Bolivia, Chile and Uruguay, Paraguay has become the region's contraband centre. The country formally exports only $300m worth of goods; but the real amount is believed to be triple this, goods imported from overseas and smuggled to purchasers in neighbouring countries. The chief beneficiary is Brazil – and in particular Sao Paolo industry, which has duty-free access to all sorts of overseas equipment and goods, such as luxury cars.

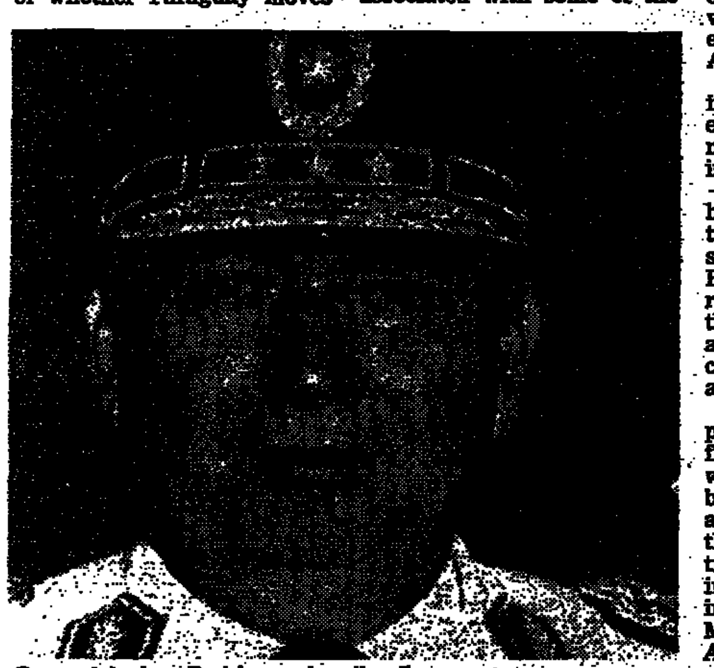
A sizeable slice of eastern Paraguay has been informally colonised by 250,000 Brazilians, who are allowed to remove Paraguayan lumber without restriction. This has led to some bitter social conflicts, *involving the indigenous Guarani indian population.*

The Brazilian Government undoubtedly has the ability to exert considerable influence on the new leadership in Paraguay. The bulk of Paraguay's $1.6bn foreign debt is owed to Brazil. But Brazil also has a vital strategic stake in the country through joint ownership of the Itaipu Dam; its power supplies are essential for Brazilian industry.

The Sarney Government in Brasilia has until now preferred to treat Gen Stroessner at a discreet distance without interfering. With presidential elections due in December, it is unlikely to change this policy. This suggests that Gen Rodriguez has some time in which to show his hand and demonstrate whether or not he is serious, as he claims to be, about restoring democracy in Paraguay.

The opposition, grouped round four main parties, remains divided. Their greatest act of unity was to boycott last February's presidential elections. The principal mediator and unifying force is the Catholic Church which has been courageous, but moderate, in *its opposition to the ousted president.*

Thus, although Gen Rodriguez holds the reins of power for the moment, he has nevertheless manoeuvred himself into the same dilemma as Gen Stroessner: how, as a military *ruler, to achieve an orderly* succession



General Andres Rodriguez: heading the coup

General Alfredo Stroessner: overthrown

# The British market begins to bite back

**Norma Cohen** looks at the reasons behind the frenzied rush into UK equities over recent weeks

Even the cockiest of UK fund managers will not pretend that they saw the rally coming. Since the start of the year, the FTSE index has soared nearly 300 points, fattening the value of UK equity portfolios by about 15.75 per cent.

"I don't think anyone would have seen the market at these levels," said one UK investment trust manager who did not want to be identified.

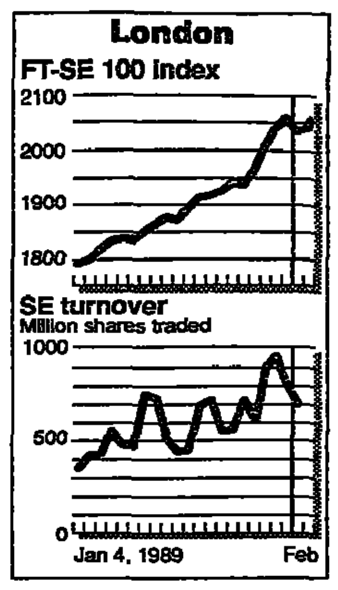
"We didn't expect as much as soon," concedes Mr Michael Reeder, a portfolio manager at Barclays Investment Management. "We had been forecasting these kinds of levels but only for later in the year."

Mr Reeder, like many other fund managers, says he fully expected a healthy rise in UK equities prices in 1989 and, last year, positioned his funds accordingly. He says his funds were heavily invested by the time the rally struck. "We didn't have every last bean invested, but in terms of the cash percentage, it was in single figures."

Professional money managers uniformly report that they foresaw a rise in UK equities prices in 1989. Among other things, they point to the under-performance of UK stock markets in 1988 in relation not only to the buoyant Japanese stock markets but also to other European bourses. Investors would eventually realise the returns to be had in UK equities, they argued, and the funds would be put back there.

None the less, the buying frenzy of early January suggests that – despite these views – there were plenty of investment managers holding funds in cash at the New Year. In public, investment managers blame foreign money for the rush; privately they say that some of the UK's largest funds were less than 60 per cent invested in domestic equities at the turn of the year.

The buying frenzy, they say, reflects the determination of home-grown money managers to get on to the boat before it left the quay. "They say the stock market runs on fear and greed," says Mrs Nicola Thomas of Schroeder Investment Management. "But now it's running on pure fear – fear of being left out."




"We were tempted to sell into the rally," says one UK portfolio manager. "But when we saw the strength of the market, we were scared off."

Analysts at S.G. Warburg estimate that, overall, as much as 15 per cent of UK investment funds may have been held in cash at the end of 1988, and that does not include the portion invested in UK gilts or other sterling instruments.

For the professional fund manager, whose livelihood can depend on being able to outperform the domestic stock index, having been underweighted in equities in the first days of the New Year could indeed prove damaging. According to W.M. Co, a firm which tracks the performance of equities fund managers, the average return on UK portfolios in 1988 was about 10 per cent. A fund manager could easily have bettered that in the first few weeks of 1989 alone.

But precious few fund managers expect the rally to go on at anything near the current pace. Indeed, several expressed concerns that the mad rush to get into the market has temporarily inflated stock prices, and will have to be corrected later on. "Market makers have had to mark prices up sharply to tempt stock out of the woodwork," says Mr Robin Key of Globe Investment Management, adding that the fact that market makers had run their books nearly bare of stock in the last quarter of 1988 has clearly precipitated part of the sharp price rise.

The current consensus is that while the FTSE index is likely to end the year higher than it is now, it will only be a modest increase. "I don't know of any fund managers who are really optimistic. Only the brokers are optimistic," says a money manager. Mrs Thomas points out that, despite all the euphoria about the stock market, very little has changed in the UK economy. Interest rates are likely to remain at current levels at least into the second quarter, even though the threat of yet another base rate rise may have subsided.

Significantly, equities fund managers have apparently not changed their views on any market sector, including the retailing sector where stock prices have been depressed for months. Retail goods should be among the first beneficiaries of lower interest rates and resumed demand, but fund managers say it is too early to begin buying these stocks.

Mr Key, for instance, says his fund is likely to increase its holdings of stocks in the capital goods sector, but will only pick up selective bargains in the stores sector.

But brokers, whose job it is to sell stocks, point to a number of technical factors that could keep prices buoyant through the year. Mr Paul Walton, a UK equity market strategist at S.G. Warburg, says that the net supply of new stock has not been adequate to soak up all the liquidity in the market. In 1989, the net new supply of stock is likely to be only about £6.5bn, while redemptions of UK government gilts alone will add about £6.5bn of new cash to the market.

Furthermore, says Mr Walton, domestic fund managers are unlikely to be willing to be net sellers of shares, even to take profits, lest boards of directors demand to know why they are not fully invested. "Liquidity ratios could rise to 13 per cent by year end," he says. At that rate, there would be plenty of cash chasing too few stocks.

# LETTERS

## Law of supply and demand

*From Mr David Ashford.*

Sir, I am a licensed conveyancer who began practising in 1971 when struggles for any freedom of choice in conveyancing were perpetual. Five fighting years later I won a *high court action against the* Law Society which broke the solicitors' 72-year old monopoly, establishing the right for conveyancers to practise independently.

Subsequently the National Association of Conveyancers attained statutory status. At no time did banks or building societies either seek or fight to provide conveyancing services. The idea was imposed on them by frustrated parliamentarians lobbied by a misguided Consumers Association.

To my mind the concept that any money lender is capable of having the true interests of a home buying borrower at heart is absurd.

David Ashford,
*Ashfords,*
*44 London Road,*
*Kingston upon Thames, Surrey.*

*From Mr Iain G. Gow.*

Sir, In the purchase of a house the interest of the purchaser and the lender are broadly parallel in the sense that both are concerned that a good title is obtained, but a *distinction must be drawn* between the interest of the purchaser as a user of the property as well as investor, and the interest of the lender, which is limited to the commercial question of whether the lender would recover the loan if the security had to be realised.

For example, the problems in buying a house with central heating which turns out to need a complete re-fit are likely to be of mere passing interest to the lending institution as long as the equity value of the mortgaged property covers the amount lent.

But there is a more obvious practical aspect of conflict of interest: a lending institution's in-house solicitor's duty to his employer, against the advice which might be given by that solicitor to a customer/client in relation to say, lending charges.

Lenders' interest rates appear fairly equal across the board. The uninformed customer may believe that he or she is getting much the same deal with one lender as from another. But if you consider the different charging structures operated by the lending institutions for insuring the risk of lending ("indemnity premium"), you will see that undiscerning choice of lender might actually cost several hundred pounds more in indemnity premium.

If the principle of "best advice" is to retain any value in our society, the sooner this conflict of interest is recognised the better.

Iain Gow,
*22 Monreith Avenue, Bearsden,*
*Glasgow, Scotland.*

*From Mr Frank Parkinson.*

Sir, On what grounds does Mr A.H. Hermann state that house buyers would save money, time and inconvenience by having their conveyances carried out by banks? Has he had dealings with a bank recently?

His fellow-writer John Plender, in Weekend FT the same day (January 28), explains how banks cannot even effect their traditional work efficiently.

Mr Plender also propounds that, with the disappearance of cheap deposits, banks' profitability will become more dependent on selling unfamiliar products through old and costly branch networks. Does this indicate cheaper, more efficient and more convenient conveyancing than that provided by an experienced law practice? I have my doubts.

Frank Parkinson,
*7 Cross Street,*
*Reading, Berkshire*

## Conflict

*From Mr A.S. Moore.*

Sir, What people worry about, in the context of whether banks and building societies should be allowed to do private conveyancing, has nothing to do with questions of title. It is that financial institutions seem concerned to load house purchasers with endowment policies, endowment mortgages and other financial services which they may or may not require.

At present the solicitor is the only independent person whom most house sellers and buyers see during the course of the transaction. I am surprised that A.H. Hermann (January 28) appears to think it an advantage for this one independent person to disappear from what is still regarded as the most important financial transaction of an average life.

Furthermore, Mr Hermann does not make it clear that the green paper proposals may well be of great benefit to larger commercial entities in London, but appear to have no advantage for the provinces. Not too long ago, similar treatment was tried on the Stock Exchange.

A.S. Moore,
*Jaggar & Co,*
*42a High Street,*
*Marlborough, Wiltshire*

## Price

*From Mr A.D. Roper.*

Sir, A.H. Hermann states (January 28) that "it will often be cheaper to let an accountant deal with probate." Why? Both accountants and solicitors are professionals with similar overheads in running their offices.

Solicitors generally have greater experience in dealing with probate. Because they are likely to be no more expensive than accountants, it would be wiser to stay with solicitors for probate matters.

A.D. Roper,
*Court Chambers,*
*3 Victoria Street,*
*St Albans, Hertfordshire*

## Losers

*From Mr Michael V. Sternberg.*

Sir, *On what evidence does* Mr Hermann (January 28) base his prophecy: "Many of the best advocates will find it more lucrative to continue as independents"? Many of my colleagues view with delight the possibility of being paid when ill or on holiday, and not having to make their own pension arrangements. Offered the right employment package, most of the Bar will join the larger law firms.

This leads to the almost nonsensical suggestion that the small town solicitor would then take on work reserved for the Bar. He will not; in the main he does not want to.

In matrimonial work solicitors have almost identical rights of audience. Only a handful do any real advocacy. The most sinister – and ignored – aspect of the proposals is that the small town solicitor may find himself confronted across the courtroom by a barrister with specialist experience. Who will lose? Not the solicitor, but his client.

Michael V. Sternberg,
*3 Dr Johnson's Buildings,*
*Temple, EC4*

## Brave new farm

*From Sir Michael Franklin.*

Sir, I think Bridget Bloom ("Brave New World on the Land," January 30) is probably right about the direction in which farming in this country is likely to develop. But we need to remember that the fate of British farmers will continue to be heavily dependent on the future of the common agricultural policy (CAP).

While the developments we would like to see – fewer producer subsidies, more market orientation and the voluntary encouragement of environmentally sensitive farming practices – have a lot of support elsewhere in the European Community, there are others with different priorities. In particular there are strong pressures for concentrating support on the small family farm, and shoring up the present farm structure through individual farm quotas.

If that were the future direction of the CAP, it would slow down the trend to larger farms and lead to inefficiencies. It would certainly not be the best *route for the EC to follow* – quite apart from discriminating against the UK. But this is a battle which still has to be fought and won. This adds to the great uncertainty farmers find themselves in today.

With the sharp fall in income, it is hardly surprising that farmers are depressed about their future prospects. They may not like all the directions which Miss Bloom discerns in the present Government's policies in the rural areas. But if they could be reasonably sure that that was their destiny, then they could at least make their plans accordingly.

It is hard for an industry which has for so long been dependent on the vagaries of Government policy to find not only that the material props are being removed, but also that some of the new signposts are not very clear.

Sir Dennis Landau (Letters, January 27) calls for a coherent Government policy embracing the whole of the food chain from farmer to consumer, and a wide ranging inter-departmental review of all these issues. The same could be said of the relationships between agriculture, the needs of the environment and the whole future development of rural areas.

There is a lot to be said for *carrying out such a forward* look on an EC-wide basis. But if that is not possible, we should do it for ourselves.

Michael Franklin,
*15 Galley Lane,*
*Barnet, Hertfordshire*

## New world of water

*From Mr C.B.G. Turner.*

Sir, Now that we have laid to rest the canard about the Monopolies and Mergers Commission report, Southern Water has changed its tack to one of pretentious interest on behalf of our water company customers. This cannot be right.

When Southern Water is privatised, its mission in life as a public limited company will be to serve its shareholders. Therefore the interest of Southern Water in the customers of Eastbourne is either naive or specious.

Whichever reason, it does not bode well for either the customers or future shareholders of Mr Courtney.

To deal with two further points which Mr Courtney tries to make (Letters, January 26). Where our staff are concerned it is self-evident that their loyalty and faith in Eastbourne Water has been proved by their acceptance of the bid from Saur. We have heard little, if anything, about future employee conditions from Southern.

Mr Courtney's second point concerns our shareholders. Their opinion of the respective merits of the management of Southern Water and the Cook Islands-registered Associated Insurance Pension Fund (AIPF) with the well-known and respected French companies, has been made abundantly clear.

And of course, it is well worth remembering that these shareholders are the important institutions in the City, whose acumen in the market is second to none.

Presumably these institutions will also be the major shareholders in the new world of privatised water.

C.B.G. Turner,
*Chairman, Eastbourne Water Company,*
*Tongswood Drive,*
*Hawkhurst, Kent*

If intended for publication, Letters to the Editor should include a daytime telephone number.

## UK COMPANY NEWS

HOSTILE OFFER FROM BRITISH EMPIRE SECURITIES

# Schroder Global in £103m battle

By Nikki Tait

A £102.8m bid battle broke out yesterday over Schroder Global Trust, one of the investment trusts managed by Schroder Investment Management.

The bidder is British Empire Securities, a smaller trust with a market capitalisation of £62.5m. Its offer takes the form of convertible preference shares and cash, with a full cash alternative.

However, the bid brought an immediate rejection from Schroder Global, which said that the terms were unacceptable and should be rejected by shareholders. It declined to say whether it planned to offer alternative proposals, but added that all options would be looked at. Shareholders were urged to take no action.

The terms of the bid are, for each share in Schroder Global, 1.12 new 6 per cent convertible cumulative redeemable preference shares in BES, plus cash equal to either £1.0668 or 95 per cent of Schroder Global formula asset value minus £1.12 - whichever is greater.

This complex offer, it says, will give shareholders the equivalent of 99.3 per cent of formula asset value at Schroder Global, assuming that the convertibles have a market value of about 111p.

Under the cash alternative, Schroder Global shareholders can receive cash in place of the convertible element, with Marshall & Co (Brokers) underwriting the convertible shares at £1 each. This, says BES, will allow any Schroder Global shareholder to exit at 95 per cent of formula asset value.

The principal difference between formula asset value and net asset value relates to termination cost of the existing management contract. This is a three-year contract at an annual charge of 0.4 per cent of funds under management.

The cash alternative is therefore pitched at something under 94 per cent of net asset value - lower than some recent exit levels in the trust sector, although rather better than the level at which the £500m-plus TR Industrial and General Trust was taken out last autumn.

BES already holds a 14 per cent interest in Schroder Global, and a couple of years ago took over another Schroder-managed trust, Ashdown Investment Trust, in a £66m agreed bid.

In this case, it says that the offer "represents a further phase" in its own development and will add to net assets per share.

BES is managed by Laurwood, part of Laurentian (UK) - which is ultimately owned by the large Canadian financial services group, Laurentian. Aside from British Empire Securities, Laurentian also manages a number of unit trusts in the UK.

The largest shareholder in the trust is the Pearl with just over 26 per cent of shares, traditionally supportive of trust managements. Smaller disclosable holding belong to the Pru and Sun Life, which are more inclined to sell out of the sector.

Net asset value of Schroder Global is estimated at 288.2p by County NatWest.

Yesterday, the shares eased 2p at 269p.

# Hoare confirms Taylor share sale

By Nikki Tait

HOARE GOVETT, the London stockbrokers that are now part of the US-based Security Pacific group, yesterday confirmed that they sold 7m shares in Taylor Woodrow to an unnamed institution on Wednesday. The stake represents about 4.4 per cent of the construction and property group.

The shares were part of the near 10 per cent stake in Taylor which Hoare and Hambros bought jointly from Peninsular and Oriental Steam Navigation about 10 days ago.

The two institutions paid 600p a share, or a total of £94.8m for the holding. However, attempts to place it out in the market later the same day failed when the Taylor share price immediately tumbled. The shares were then split equally between Hoare and Hambros, each taking 7.9m.

Hoare confirmed that the 7m shares were sold at 570p, creating a £2.1m loss. They added that the firm retained a direct interest in 600,000 Taylor Woodrow shares. There was no precise explanation for the remaining 300,000 shares, but it was suggested that these might also have been sold.

Clarification of the brokers' position arrived yesterday via a statement from Taylor Woodrow. Just to complicate matters, it appears that Hoare is deemed - for technical reasons - to have an interest in the 7.9m shares now held by Hambros, as well as its own direct holding of 600,000 shares.

According to the Taylor Woodrow statement, this interest arises under sections 204 and 205 of the Companies Act. Elaborating on the statement, the various parties explained that at the time of the purchase of shares from P&O there was a "bought deal" agreement between Hambros and Hoare Govett, and that the two parties were therefore acting in concert. Lawyers have advised that technically this gives Hoare an ongoing interest in the Hambros stake.

Taylor Woodrow shares gained 7p at 585p yesterday.

# Institutional holders reveal backing for Gold Fields board

By Kenneth Gooding, Mining Correspondent

AN INFORMAL straw poll of major institutional shareholders in Consolidated Gold Fields yesterday provided little comfort to Minorco, the South African-controlled investment company which is considering making another bid for the UK mining group.

The attitude of the institutions will become increasingly important now the battle seems likely to move away from politics - particularly Minorco's South African connections - to financial considerations.

Most of the institutions are long-term holders of Gold Fields' shares and indicated that they continued to support the board and its chairman Mr Rudolph Agnew. They had no complaints about the worldwide political campaign waged by Gold Fields which the group has said cost nearly £20m.

All of them said they did not want shares in Minorco, because it is based in Luxembourg.

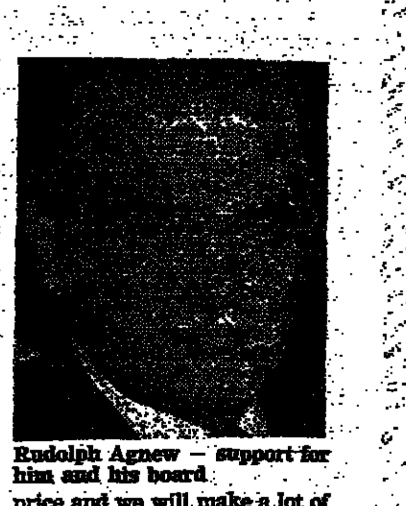
Many said they did not want Minorco cash either because of the tax complications this would bring them.

Some objected to the way Minorco intends to sell off major chunks of Gold Fields, should it bid again and succeed. Minorco intends to dispose of Gold Fields' substantial shareholdings in Gold Fields of South Africa, Newmont Mining of the US and Renison Consolidated of Australia.

There was, however, a split of opinion among the institutions about the Monopolies and Mergers Commission report which cleared the way for Minorco to bid again for Gold Fields should it wish to do so. Only a minority suggested the report should have taken in the international, rather than just the UK, implications of a takeover of Gold Fields by Minorco.

The highly unscientific poll produced comments such as: "What I want is for Minorco to sell up and go away."

More typical, however, was the investment manager who said: "We think it [Gold Fields] will be taken out at a fancy price and we will make a lot of money."



Rudolph Agnew - support for him and his board

Gold Fields' share price edged up again yesterday by another 7p following the 117p rise on Thursday - after the MMC clearance - to close at £14.27. Minorco's opening shot last September was £12.20 and analysts have suggested it will bid at least £15 a share if it returns with another offer.

# Elders arm raises stake in Berkeley

By Ray Bashford

THE INVESTMENT management arm of Elders IXL, the diversified Australian brewing company, has increased its stake in Berkeley Govett, the Jersey-based fund management group, to 5.2 per cent.

Mr Bruce Campbell, managing director of Elders Investment Management, described the holding as "passive" but did not rule out the possibility of increasing it.

The shares of Berkeley Govett, which owns John Govett, the UK investment management group, yesterday rose 5p to 175p after peaking at 178p.

Mr Arthur Trueger, Berkeley Govett chairman, said that he welcomed "significant" shareholders and indicated that he did not see Elders as a potential threat.

Elders has built its stake up over the past four years. Two other Australian companies have holdings in Berkeley Govett. James Hardie, the diversified building materials group, owns 20 per cent and Westpac, the major bank, 5 per cent.

# Moss Trust dividend in jeopardy

By Vanessa Houlder

MOSS TRUST, the troubled USM-traded advertising agency, yesterday revealed possible inaccuracies in its latest set of accounts.

The discovery, which has jeopardised the payment of its 1p final dividend, resulted in the adjournment of yesterday's annual general meeting.

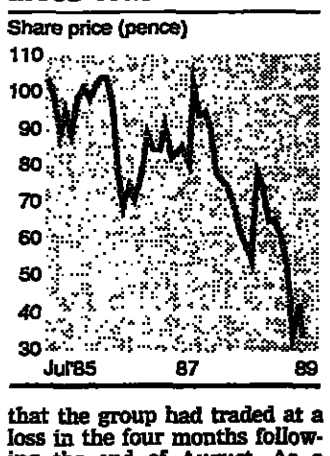
Moss Trust said it was appointing independent accountants to review the accounts, which were originally audited by Rawlinsons, a Bradford-based firm.

Mr Stuart Pearson, chairman, said that Peat Marwick McLintock was likely to be appointed to do the investigation. He hoped the AGM would be reconvened in April, he said.

Mr Pearson declined to reveal the cause for concern, although he said there was "nothing untoward". The problem had come to light during an investigation of trading problems in the present year. "Items have come up in January that may relate to August," he said.

This disclosure followed an announcement on Wednesday

Moss Trust




that the group had traded at a loss in the four months following the end of August. As a result, it said it was unlikely to declare an interim dividend.

The trading loss resulted from higher overheads, restructuring costs and the loss of two major clients through takeovers, said the company.

The group was now cutting overheads and staffing levels. Mr Pearson said that Moss Trust did not envisage a loss for the full year.

The share price fell yesterday from 36p to 33p. On Tuesday, before the announcement of trading losses it closed at 40p.

In December the company announced pre-tax profits of £307,000 (£290,000) and a drop in earnings per share from 3.42p to 1.32p. The principal problem said Mr Pearson, was its special events division which incurred a £295,000 loss from a tour of the US, organised for the Royal Scots Guards.

Moss Trust has had a chequered career since it joined the USM in 1985. Profits have never exceeded the £450,000 achieved in 1985 despite the injection of new management in 1986. At the end of 1987 it embarked on an ambitious acquisitions programme, completing six deals by July last year.

One of these acquisitions, ATP Advertising and Marketing, is currently the group's most profitable subsidiary. As a result, Mr Andrew Thirkill, its founder has been appointed deputy chief executive. Moss Trust has appointed Mr Tony Broadhead as finance director.

# Miss World to bid for Piccadilly

By Fiona Thompson

MISS WORLD, the beauty contest and radio station group headed by the flamboyant Mr Owen Oyston, is set to launch a hostile bid for Piccadilly Radio, the independent radio contractor for Manchester.

It is understood both sides talked yesterday morning and an offer is expected imminently.

The Piccadilly board issued a statement yesterday afternoon, without naming Miss World, saying only that "it had received an approach which may or may not lead to an offer being made."

One of the conditions of Mr Oyston's offer would be that Piccadilly should not go ahead with its £13.1m recommended offer for Midlands Radio Holdings, because of restrictions on the number of stations that can be controlled.

Miss World already holds 4m non-voting shares in Piccadilly, representing 53 per cent of the non-voting shares and equivalent to 40 per cent of the total share capital.

Miss World has been building up its stake in Piccadilly for a couple of years, and bought 642,240 shares from Crown Communications last month for £2.21 a share.

Last night the Piccadilly shares closed 14p up at 258p, valuing the company at about £27m.

The radio interests of Miss World include Red Rose Radio in Preston, Radio Aire in Leeds and Red Dragon in Cardiff.

A successful bid would make Miss World the country's third largest independent radio company after Capital Radio and LBC.

# Evode expansion moves to US

By Ray Bashford

EVODE GROUP, the specialty chemicals combine, is paying $17m (£9.7m) in cash and shares for Gary Chemical of Massachusetts, as the third step in a plan for offshore expansion.

The cash and share consideration is accompanied by the payment of a further $9.2m to two directors of the US company, Mr Charles Gitto and Mr Gary Gitto, for agreeing not to compete with Gary.

The US company produces specialty polymeric compounds for the wire and cable, footwear and automotive industries.

Evode said that of the $17m consideration, $5m would be cash. Mr Charles Gitto will receive 3.66m Evode shares representing 7.8 per cent of the enlarged capital, which will be placed by Morgan Grenfell.

Gary has a 4 per cent share of the US cable market for PVC. It has developed a patented "low smoke" emission compound which Evode expects to achieve worldwide growth, aided by more stringent smoke emission requirements.

The US company's pre-tax profit record during the past five years has been erratic. In the year ended September 30 1984 it returned $3.8m on turnover of $30.9m but over the next three years to 1987 profit fell to $976,000 on sales of $37.1m.

A recovery last year pushed pre-tax profits to $2.9m after an increase in turnover to $39m.

Evode last year acquired an Indian manufacturer of thermoplastics elastomers and a Dutch producer of plastic moulded products.

Its directors believe the acquisition of Gary will help expand the benefits already received from these European purchases in terms of technology and market bases.

# PRS doubles to £185,000

With profits showing a substantial increase at the halfway stage, Planning Research and Systems is confident the year's forecast of £700,000 pre-tax will be achieved.

The company came to the USM towards the end of last year. It serves the motor industry by supplying high quality data and research, and publishing yearbooks and directories. Its other activity is a business consultancy operation.

In the six months ended September 30 1988 pre-tax profit surged from £88,300 to £184,500, while turnover rose from £829,700 to £1.06m. Earnings worked through at 3.4p (2.2p).

Mr John Martin, chairman, said consultancy sales were especially buoyant. A number of significant contracts had been won in the last few months.

# Rescue package at Greenwich

By Kenneth Gooding, Mining Correspondent

GREENWICH Resources, the minerals exploration and production group, hopes to solve its liquidity crisis with a rescue package which includes its second rights issue in 16 months, a restructuring of the business and a change in top management.

Mr Stanley Eskell has given up the chairmanship to make way for Mr Colin Phipps, a geologist and businessman who is non-executive chairman of Clyde Petroleum. He has been joined on the Greenwich board by a close business associate, Mr David Quick.

Mr Phipps and Mr Quick will inject their mineral company, Atahualpa, which has gold and platinum prospects in Ecuador, into Greenwich in exchange for shares worth £531,145 and which will give them 7 per cent of the enlarged Greenwich capital.

They are also among the sub-underwriters of a rights issue which will raise £3.8m after expenses.

James Capel is underwriting the issue and introduced the new management after Greenwich's bank, the Hongkong and Shanghai, threatened to pull the plug at the end of last year.

Shareholders will be offered one new share for every three held at 45p a share. This compares with the £3.55-a-share in September 1987, when Greenwich raised £14.85m via a one-for-five rights issue.

After yesterday's announcement the share price fell from 82p overnight to 78p before recovering to 80p.

Greenwich said the liquidity squeeze arose because of delays at its Gebeit gold venture in the Sudan which caused a drain on cash. The only money flowing in was from its United Goldfields venture in Australia which went straight to the bank.

Preliminary results for the year to the end of September showed a profit before and after tax of £1.135m, against £788,000 last time.

A write-off of goodwill and the write-down of mineral properties will result in a negative balance on group reserves of about £12.2m and the group will pay no dividends until this is eliminated or until shareholders agree to a reduction in capital.

A pro forma balance sheet as at September 30, adjusted for the rights issue and the acquisition of Atahualpa, showed net assets of £17.4m or 46p a share.

Mr Phipps said he intended to change Greenwich into a small mining finance house.

# CEI in Japan joint venture

By Terry Dodsworth

Cambridge Electronic Industries, the component and instrumentation group, is linking up with Tamura of Japan to set up a transformer plant at Cumbernauld, Scotland.

The agreement will give Tamura, the Japanese leader in the manufacture of transformers and power supplies, a 51 per cent stake in Hinchley, a CEI components subsidiary. Tamura is paying £1.3m for the CEI holding.

Mr Richard King, chief executive of CEI, said last night that the company was anxious to conclude the agreement because of the big opportunities that were opening up in the electronics industry for supplying components in areas such as medical electronics and personal computers.

Tamura had contacts with many Japanese groups which were now coming to Europe, he added.

The Cumbernauld plant will employ around 140 people, and management control will be in the hands of CEI. Mr King added: "For some time it has been clear to us that we could only tackle the opportunities in this market place by combining forces with a major player, and the agreement with Tamura is an excellent one for us."

# Stake in Jebsens trebles as shares resume trading

By Andrew Hill

MIDLAND & SCOTTISH Group, a private company run by a former North Sea diver and a diving supervisor, yesterday saw its 75.1 per cent stake in Jebsens Drilling more than treble in value when dealings in Jebsens' shares reopened after almost two years' suspension.

Last week MSG, an oilfield development and investment group, completed the £8m purchase of the stake in the USM-quoted oil services group. This followed formal Department of Energy approval for development of the marginal Emerald field in the North Sea, which is operated by Sovereign Oil & Gas.

The private company bought the shares at 16.6p. Yesterday they increased from the suspension price of 14p to 50p.

Jebsens, a former drilling contractor, has been in difficulties since the oil price collapse in 1986. At one stage it was planning to sell its drilling rigs and wind up the company. The shares were suspended in March 1987, but last August, the company won unprecedented financial support from the Department of Trade and Industry, backing up MSG's commitment to the group.

The group's circular to shareholders, posted on Wednesday, said that 'Jebsens was now in a position to become one of the UK's largest integrated offshore services groups with income of £300m from the Emerald field contract. The company is planning to change its name to Midland & Scottish Resources.

The DTI issued loan guarantees for Jebsens to convert one of three semi-submersible drilling rigs into a floating oil production facility for use in the 43m-barrel Emerald field. The conversion work will be carried out by Davy Offshore, under a fixed price contract, and should be complete in 18 months when Davy will return the rig to Jebsens.

Meanwhile, the two other rigs will be used for development drilling in the field.

# Opening costs check profit of Wholesale

The costs of opening five new depots in the six months to October 28 prevented the rise in pre-tax profits at Wholesale Fittings being more than £122,000. The taxable result of this Essex-based wholesale electrical distributor was £2.98m, struck on turnover up from £24.39m to £28.78m.

Depots were opened in Leicester, Peterborough, Bristol, and Wellingborough in May and in Fulham, south-west London, in September. Their net operating deficit and pre-trading costs were £191,000 (£48,000). The company said that experience showed that the average depot would cover those costs within 12 months and then make a contribution to group profits.

After tax took £27,000 more at £1.03m, earnings per 10p share were up at 13.9p (13.3p). The interim dividend is raised to 3.23p (2.69p).

The company said that sales in the first three months of the second half were showing an increase over the corresponding period of the previous year.

## COMPANY NEWS IN BRIEF

ACSIS GROUP, marketing services and recruitment company, is buying Goalfresh, advertising sales business, for an initial £25,000 cash and two further payments totalling £210,000. Goalfresh's existing borrowings of £175,000 will be guaranteed.

ALCAN LABORATORIES' offer for the worldwide ophthalmic surgical equipment business of the Cooper companies will not be referred to the Monopolies and Mergers Commission.

BLUE CIRCLE: The trade secretary has decided not to refer the merger of its industrial minerals division with Croxton and Garry to the Monopolies and Mergers Commission.

BREL (1988): The acquisition of the company by a consortium of Asea Brown Boveri, Trafalgar House and the management and employees of Brel (1988) will not be referred to the Monopolies and Mergers Commission.

COLLINS (WILLIAM): at 3pm on January 30 the number of shares owned or agreed to be purchased by News International and parties deemed to be acting in concert and acceptances received amounted to 12.71m Collins ordinary and 25.07m 'A' shares, representing 82.2 per cent and 68.1 per cent respectively.

COUNTYGLEN (the County Dublin-based property investor formerly known as Glen Abbey): losses before tax I£156,000 (£127,000) for six months to June 30, against losses of I£5,000 last time. Turnover I£118,000 (I£131,000), losses per share 5.6p (1.5p). No dividend.

ENGLISH CHINA Clays has acquired, through a subsidiary, two Denver-based companies - Bituminous Roadways of Colorado and Soil Constructors - for $4.9m (£2.8m) cash. Both companies manufacture asphalt, are surfacing contractors and provide specialist civil engineering services.

ECONOMIC FORESTRY Group is buying Milton Keynes Fencing and Minety Panels manufacturers of timber fencing and garden products, for £500,000 each, satisfied by the issue of 3,000 shares and cash.

EPWIN GROUP has sold the business and certain assets and liabilities of its Seaward Blinds subsidiary to Faber Bradbury.

GALLIFORD has acquired Ancorite, a specialist tile manufacturer, for the net asset value plus £320,000.

HEWDEN-STUART has bought the outstanding 74.9 per cent of USAC, portable building company, for £800,000 cash. USAC reported pre-tax profits for six months to September 30 1988 of £167,000 with net assets at that date of £876,000.

HOGG ROBINSON & Gardner Mountain has purchased through its US subsidiary Hempstead Barrett and Associates for about £0.7m. The company provides insurance products for the manufactured housing field. In the Far East, HRGM has exercised its option with Sime Derby by increasing its holding in Sime Hogg Robinson Holdings from 5 per cent to 40 per cent for about £0.6m.

IMI, the industrial group, has won, through its subsidiary IMI Cornelius, a contract in the US supply all 3,500 stores of the Circle K Corporation with its frozen carbonated drinks dispensers (FCBs), increasing its FCB sales in 1989 to more than $15m. Based in Phoenix, Arizona, Circle K is the second largest chain of convenience stores in the US.

LILLESHALL has acquired Alexco for £361,250, to be satisfied by the allotment of 91,090 ordinary to provide £171,250 cash and £190,000 nominal of unsecured income notes 1990/99. Based in Cowdenbeath, Scotland, Alexco distributes industrial fasteners and related products and has its own electroplating facility. In the year to March 31 it had pre-tax profits of £54,394 on turnover of £1.01m.

LONDON AND Manchester has acquired an estate agency, surveyor and valuer located in the Lyme Regis and Axminster areas for £230,000 in shares.

LONDON SHOP: Peel has extended its cash offer for the preference shares until February 10. The final revised loan note alternative is no longer available to preference shareholders. Valid acceptances for the preference capital have been received in respect of 542,738 (82.7 per cent). Peel's recommended cash offers for the ordinary capital and convertible unsecured loan stock remain open.

LYNX GROUP is buying Russet Intruments for £1.15m in shares. The company is raising £185,000 by a rights issue of shares at 12p each for working capital. Russet, which makes and imports printers and video monitors, had sales of £1.96m in the year to the end of September 1988.

OFFICE AND Electronic Machines is selling its freehold premises in Webber Street, London SW to Greenrest for £1.85m.

RADIO CLYDE: Following offer made by company for North of Scotland Radio, acceptances have been received in respect of 345,768 ordinary (89.63 per cent) and 172,888 preference (89.63per cent).

RATNERS' US subsidiary, Sterling, has sold to NCNB National Bank of North Carolina $75m of credit receivables at face value, with limited recourse. The transaction is neutral in terms of the profit and loss account and the proceeds have been used to repay outstanding bank borrowings.

READICUT has received acceptances in respect of 92.54 per cent of the 54.05m shares offered in the rights issue.

REFLEX INVESTMENTS has acquired Parity Modules and Parity Maintenance, two Dublin-based computer equipment companies. The combined price was I£1.04m (£848,356), comprising I£380,000 cash and the rest in ordinary shares. Further consideration up to I£200,000 depends on Parity profits.

RICHARDS: The recent rights issue of 3.3m new ordinary shares was taken up as to 2.49m (74.35 per cent). The balance was sold in the market.

SAUR WATER has declared its offers for both West Kent and Mid-Sussex Water unconditional. Saur now owns or has received valid acceptances amounting to £124,851 (50.7 per cent) of West Kent's voting stock and owns or has received valid acceptances amounting to £729,286 (56.5 per cent) of the voting stock of Mid-Sussex.

SECOND MARKET Investment Company net asset value at January 31 1989 was 180.6p undiluted and 189.76p diluted.

TRANWOOD has set up a European subsidiary, Tranwood Europe, to expand the company's existing corporate finance activities within the EC.

VICKERS has declared the following final dividends in respect of 1988: 2.5 per cent on the preferred 5 per cent and 5 per cent preference stocks; £33.33 per £1,000 cumulative preference stock. Payment will be on March 31.

VICTOR PRODUCTS: The offer by NEI for the company's preference shares has been accepted in respect of 79.8 per cent and has been extended until February 21.

# Bassett plays the Rowntree takeover tune

By David Waller

BASSETT FOODS, the Jelly Babies manufacturer which on Thursday recommended a £91m bid from Cadbury Schweppes, yesterday sounded a familiar note in its submission to the Office of Fair Trading on the subject of the earlier, unwelcome bid from Procordia, a Swedish company.

The argument was that of "level playing-fields", or reciprocity, advanced last summer by Rowntree. The larger confectionery group had then objected to the fact that Swiss companies like Jacobs Suchard and Nestlé could launch dawn raids and mount hostile takeovers when they themselves were invulnerable to such strategems.

Likewise, Mr Bev Stokes, chairman of Bassett, objected to the fact that UK companies could not do to Swedish companies what a Swedish company was doing to Bassett. "I felt so strongly about it," Mr Stokes said yesterday, "that I thought it important to make the submission public, even though we hope that Procordia will now go away in the light of Cadbury's arrival on the scene."

The reciprocity argument got short shrift in the case of Rowntree. Lord Young, Secretary of State for Trade and Industry, stuck to the so-called "Tebbit doctrine" that the impact on competition in the UK was the key criterion.

It was manifestly the case that Rowntree could not have bid for Nestlé - not just because the Swiss company was unassailably big, but also because of the division of its equity capital into registered and bearer shares which made it impossible for foreigners to take a controlling stake. (Registered shares could only be held by Swiss nationals. In Nestlé's case, this was changed last November.)

Nevertheless, Lord Young found that "there are no powers under Swiss law for the Swiss authorities to block takeovers of industrial or commercial companies. So at that level - government intervention - there are no barriers to British firms taking over Swiss firms."

Mr Stokes said yesterday that there were fundamental differences between the Rowntree situation and the first Bassett bid. "In Switzerland, companies are protected from bids by market practice," he said. "Shareholders sanction the appropriate parts of their company's articles of association. But in the case of Sweden, it is actually the law which prevents bids from foreign companies."

Swedish companies like Procordia have a share structure divided between "free" and "restricted" shares which curtail foreign ownership. A Swedish company which allows for more than 40 per cent of its shares or 20 per cent of its votes to be "free" cannot buy real property or own more than 10 per cent of another Swedish company without government permission.

Moreover, the Act on Foreign Acquisition of Swedish Firms decrees that - for companies with 10 employees or more - the government must grant permission for a foreign company to buy 10 per cent of the Swedish company's votes or capital. Government approval must be given for the foreign company to breach the 20, 30, 40 and ultimately 50 per cent thresholds.

For Bassett, in addition to the discouraging Rowntree precedent, the Monopolies and Mergers Commission this week said a predator's "bid-proof" ownership structure was irrelevant when it cleared Minorco to re-bid for Consolidated Gold Fields.

# MARKET STATISTICS

## ECONOMIC DIARY

**TODAY:** Hearing of civil compensation suit over Bhopal gas disaster under new judge in Bhopal. Mr Francois Mitterand, President of France, visits Denmark.

**TOMORROW:** German-Spanish summit meeting in Seville (until February 6). Sky TV begins satellite broadcasts.

**MONDAY:** Department of Trade and Industry publishes figures for retail sales (December-final) and credit business (December). US fourth quarter productivity (preliminary) and costs. Mr Robin Leigh Pemberton, Governor of the Bank of England, attends Overseas Bankers Club banquet at the Guildhall. Dealing starts in NFC shares. Polish Government starts talks on the country's future with representatives of the banned *Solidarity trade union*. Commonwealth commitee of foreign ministers meets in Harare to discuss sanctions against South Africa (until February 8). Mintel statement on women and finance.

**TUESDAY:** US congressional hearings on the budget deficit and the economy. Financial Times holds "European Mergers and Acquisitions conference – Prospects in the single market" at Hotel Inter-Continental, London (until February 8). United Nations *40-nation conference on disarmament* begins in Geneva. Blue Arrow publishes preliminary statement. Audit Commission publishes homeless report.

**WEDNESDAY:** Department of Employment issues statistics for travel and tourism (November) and detailed analysis of employment, unemployment, earnings, prices and other indicators. GATT council meets in Geneva to consider complaint against US retaliation in hormone meat war. General strike in the Israeli-occupied territories to mark fourteenth month of uprising. Centam presidents hold summit meeting in San Salvador to revive a regional peace plan. Preparatory meeting for talks between North and South Korean premiers to be held in Seoul. Lex/MORI report on motoring. Union Discount Co publishes preliminary figures.

**THURSDAY:** Bank of England issues figures for the financing of the central government borrowing requirement in the fourth quarter. UK banking sector statistics (fourth quarter) and money stock (fourth quarter). Mr George Bush, President of the US, to address joint session of Congress. Jamaican general elections. Royal Academy of Arts annual report.

**FRIDAY:** BSC/BISPA publish usable steel production figures for January. US producer price index (January). Mr Kenneth Baker, Education Secretary, attends annual Newspaper Conference lunch. President Bush pays one-day visit to Canada.

## BANK RETURN

| BANKING DEPARTMENT | Wednesday February 1, 1989 | Increase or decrease for week |
|---|---|---|
| | £ | £ |
| **LIABILITIES** | | |
| Capital | 14,553,000 | |
| Public Deposits | 96,813,601 | + 8,421,290 |
| Bankers Deposits | 1,230,764,683 | − 82,880,523 |
| Reserve and other Accounts | 1,898,308,634 | + 43,661,627 |
| | 3,240,660,018 | − 908,316 |
| **ASSETS** | | |
| Government Securities | 846,677,401 | + 100,115,000 |
| Advance and other Accounts | 667,236,630 | − 2,320,984 |
| Premises Equipment & other Secs | 1,718,260,527 | − 102,711,534 |
| Notes | 8,236,880 | − 604,838 |
| Coin | 266,580 | + 25,937 |
| | 3,240,660,018 | − 908,316 |
| **ISSUE DEPARTMENT** | | |
| **LIABILITIES** | | |
| Notes in circulation | 14,141,763,120 | + 9,395,161 |
| Notes in Banking Department | 8,236,880 | − 604,838 |
| | 14,150,000,000 | + 10,000,000 |
| **ASSETS** | | |
| Government Debt | 11,015,100 | |
| Other Government Securities | 6,317,057,781 | + 200,827,152 |
| Other Securities | 7,821,927,709 | − 210,827,152 |
| | 14,150,000,000 | + 10,000,000 |

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corres-ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Whinney Mackays | int | 1.6 | Mar 17 | 1.6 | - | 4.3 |
| Wholesale Fitts | int | 3.23 | Apr 11 | 2.69 | - | 12.89 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

## LONDON RECENT ISSUES

EQUITIES

[illegible]

## FIXED INTEREST STOCKS

[illegible]

## RIGHTS OFFERS

[illegible]

[illegible]

## TRADITIONAL OPTIONS

- First Dealings Jan 23
- Last Dealings Feb 3
- Last Declarations May 4
- For settlement May 15

*For rate indications see end of London Share Service*

Calls: Kunick, Control Secs, Ald. Part, Fisher A, Astra Hldgs, Hyman, Coolan, Pearson, Ex Co Louis, Oliver Rest, Owners Abroad, Town Centre, Eurotunnel Ord & Wrnts, Clogau Gold, Prud, Clark T, Hambro Countrywide. Put Control Secs, Hamb C'Wide, Glaxo, Rothmans. Trsl House, Cant & Sherwood, Suter, Blue Arrow, P & O Wrnts.



## EUROPEAN OPTIONS EXCHANGE

| Series | | Feb. 89 Vol | Last | May 89 Vol | Last | Aug. 89 Vol | Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $400 | 66 | 2.10 | 32 | 13 | - | - | $390.60 |
| GOLD C | $440 | - | - | 60 | 2.40 | 10 | 6.50 | $390.60 |
| GOLD C | $480 | - | - | - | - | 80 | 2 | $390.60 |
| GOLD P | $380 | 20 | 1.10 | 126 | 4.70 | - | - | $390.60 |
| GOLD P | $390 | 97 | 3.50 A | 44 | 8.50 A | - | - | $390.60 |
| GOLD P | $400 | 227 | 8.50 | 43 | 13.50 B | 40 | 15 | $390.60 |
| GOLD P | $420 | 35 | 28 | 41 | 30 | 16 | 29.50 | $390.60 |
| GOLD P | $440 | - | - | 20 | 48 | 5 | 48.50 | $390.60 |
| | | Feb. 89 | | Mch. 89 | | Apr. 89 | | |
| EOE Index C | Fl. 260 | 266 | 10.20 | 110 | 12.50 B | 3 | 13 B | Fl. 269.50 |
| EOE Index C | Fl. 265 | 573 | 6.20 | 40 | 9 | 13 | 10.40 | Fl. 269.50 |
| EOE Index C | Fl. 270 | 707 | 3.20 | 87 | 6.20 | 12 | - | Fl. 269.50 |
| EOE Index C | Fl. 275 | 391 | 1.50 | 464 | 3.60 | 12 | 6.30 | Fl. 269.50 |
| EOE Index P | Fl. 250 | 5 | 0.20 | 65 | 1 | - | - | Fl. 269.50 |
| EOE Index P | Fl. 260 | 391 | 0.50 | 641 | 2.50 | 19 | - | Fl. 269.50 |
| EOE Index P | Fl.265 | 1152 | 1.90 | 165 | 4.10 | 24 | 6.70 | Fl. 269.50 |
| EOE Index P | Fl. 270 | 433 | 3.70 | 193 | 6.20 | - | - | Fl. 269.50 |
| EOE Index P | Fl. 275 | 84 | 7 | - | - | - | - | Fl. 269.50 |
| | | Feb. 89 | | May 89 | | Aug. 89 | | |
| OBL Index C | Fl. 100 | - | - | 100 | 0.05 | - | - | Fl. 97.67 |
| OBL Index P | Fl. 100 | - | - | 100 | 2.50 | 800 | 2.55 | Fl. 97.67 |
| | | Feb. 89 | | Mch. 89 | | Apr. 89 | | |
| S/FI C | Fl. 205 | 54 | 7.90 | 53 | 7.50 | - | - | Fl. 212.55 |
| S/FI C | Fl. 210 | 456 | 3 | 134 | 4.40 | 4 | 4.70 | Fl. 212.55 |
| S/FI C | Fl. 215 | 60 | 0.90 | 74 | 1.80 | 113 | 2.70 | Fl. 212.55 |
| S/FI P | Fl. 205 | 41 | 0.30 | 46 | 1.25 | 10 | 2.20 | Fl. 212.55 |
| S/FI P | Fl. 210 | 123 | 1.20 | 79 | 2.60 | - | - | Fl. 212.55 |
| | | Apr. 89 | | Jul. 89 | | Oct. 89 | | |
| ABN C | Fl. 45 | 1343 | 1.20 | 84 | 1.70 | 34 | 1.80 | Fl. 43.10 |
| ABN P | Fl. 45 | 113 | 2.20 | 13 | 3.40 | 28 | 4.50 | Fl. 43.10 |
| AEGON C | Fl. 95 | 128 | 3 | 26 | 4.20 B | 3 | 5.50 | Fl. 94.10 |
| AHOLD C | Fl. 95 | 66 | 2.20 | - | - | - | - | Fl. 92.40 |
| AKZO C | Fl. 160 | 379 | 3 | 204 | 4.70 | 12 | 7.20 | Fl. 153 |
| AKZO P | Fl. 150 | 76 | 2.80 | 103 | 7.10 | - | - | Fl. 153 |
| AMEV C | Fl. 55 | 10 | 2.60 | 6 | 3.20 | 110 | 4.40 | Fl. 55.30 |
| AMEV P | Fl. 55 | 45 | 1.90 B | 20 | 3.50 | 102 | 4.30 | Fl. 55.30 |
| AMRO C | Fl. 90 | - | - | - | - | 500 | 2.20 | Fl. 82.30 |
| AMRO P | Fl. 80 | 142 | 2 | - | - | - | - | Fl. 82.30 |
| BUHRMANN-T C | Fl. 65 | 36 | 1.90 | 83 | 2.60 | 8 | 4 B | Fl. 63.60 |
| ELSEVIER C | Fl. 65 | 20 | 2.30 | 10 | 3.50 | - | - | Fl. 64.60 |
| GIST-BROC. C | Fl. 45 | 527 | 0.60 | 511 | 0.90 | - | - | Fl. 37.40 |
| GIST-BROC. P | Fl. 40 | 41 | 3.10 | 10 | 4.30 B | 2 | 4.50 | Fl. 37.40 |
| HOOGOVENS C | Fl. 75 | 235 | 4 | - | - | - | - | Fl. 73.90 |
| HOOGOVENS P | Fl. 70 | 48 | 1.70 | 10 | 4 | - | - | Fl. 73.90 |
| KLM C | Fl. 45 | 1570 | 2.60 | 623 | 3.70 | 101 | 4.40 | Fl. 45.90 |
| KLM P | Fl. 45 | 354 | 1.30 | 57 | 2.20 | 12 | 3.60 | Fl. 45.90 |
| KNP C | Fl. 55 | 20 | 0.90 | 207 | 1.60 | 20 | 2.40 | Fl. 50.50 |
| KNP P | Fl. 47.50 | 80 | 1.40 | - | - | - | - | Fl. 50.50 |
| NEDLLOYD C | Fl. 310 | 210 | 11.10 B | 5 | 17 B | 2 | 22 B | Fl. 303 |
| NEDLLOYD P | Fl. 280 | 120 | 5 | 8 | 12.60 B | - | - | Fl. 303 |
| NAT.NED. C | Fl. 70 | 84 | 1.60 B | 165 | 2.50 | 38 | 3 B | Fl. 67 |
| NAT.NED. P | Fl. 65 | 4 | 1.10 | 32 | 2.40 | - | - | Fl. 67 |
| PHILIPS C | Fl. 40 | 292 | 0.70 | 134 | 1.20 | 10 | 1.80 | Fl. 36.20 |
| PHILIPS P | Fl. 40 | 32 | 5 | - | - | 1006 | 5.20 | Fl. 36.20 |
| ROYAL DUTCH C | Fl. 120 | 1495 | 7.70 | 52 | 8.40 | 104 | 9.90 | Fl. 126 |
| ROYAL DUTCH P | Fl. 125 | 330 | 2.80 | 360 | 5.30 | - | - | Fl. 126 |
| UNILEVER C | Fl. 130 | 147 | 5.50 | 33 | 7 | 14 | 9.20 | Fl. 131.60 |
| UNILEVER P | Fl. 130 | 375 | 3.10 | 25 | 5.50 | - | - | Fl. 131.60 |
| VAN OMMEREN C | Fl. 35 | 81 | 3 | 48 | 3.60 | 3 | 4.30 | Fl. 37.50 |
| VAN OMMEREN P | Fl. 35 | 35 | 0.70 | 83 | 1.80 | - | - | Fl. 37.50 |
| WESSANEN C | Fl. 85 | 25 | 2.30 | - | - | - | - | Fl. 82.70 |
| WESSANEN P | Fl. 85 | 50 | 4.40 | 8 | 4.90 | - | - | Fl. 82.70 |

TOTAL VOLUME IN CONTRACTS : 43,782
A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 13 | Clydesdale Bank | 13 | NatWestminster | 13 |
| Adam & Company | 13 | Comm. Bk.N.East | 13 | Northern Bank Ltd | 13 |
| AAB - Allied Arab Bk | 13 | Co-operative Bank | *13 | Norwich Gen. Trust | 13 |
| Allied Irish Bank | 13 | Coutts & Co | 13 | PRIVATbanken Limited | 13 |
| ● Henry Ansbacher | 13 | Cyprus Popular Bk | 13 | Provincial Bank PLC | 14 |
| ANZ Banking Group | 13 | Dunbar Bank PLC | 13 | R. Raphael & Sons | 13 |
| Associates Cap Corp | 12 | Duncan Lawrie | 13 | Roxburghe G'rantee | 13½ |
| Authority Bank | 13 | Equatorial Bank plc | 13 | Royal Bk of Scotland | 13 |
| ● B & C Merchant Bank | 13 | Exeter Trust Ltd | 13½ | Royal Trust Bank | 13 |
| Bank of Baroda | 13 | Financial & Gen. Bank | 13 | ● Smith & Williamson Secs. | 13 |
| Banco Bilbao Vizcaya | 13 | First National Bank Plc | 14 | Standard Chartered | 13 |
| Bank Hapoalim | 13 | ● Robert Fleming & Co. | 13 | TSB | 13 |
| Bank Credit & Comm | 13 | Robert Fraser & Ptnrs. | 13½ | United Bk of Kuwait | 13 |
| Bank of Cyprus | 13 | Girobank | 13 | United Mizrahi Bank | 13 |
| Bank of Ireland | 13 | ● Guinness Mahon | 13 | Unity Trust Bank Plc | 13 |
| Bank of India | 13 | HFC Bank plc | 13 | Western Trust | 13 |
| Bank of Scotland | 13 | ● Hambros Bank | 13 | Westpac Bank Corp. | 13 |
| Banque Belge Ltd | 13 | Heritable & Gen Inv Bnk | 13 | Whiteaway Laidlaw | 13½ |
| Barclays Bank | 13 | ● Hill Samuel | §13 | Yorkshire Bank | 13 |
| Benchmark Bank PLC | 13 | C. Hoare & Co. | 13 | | |
| Berliner Bank AG | 13 | Hongkong & Shanghai | 13 | | |
| Brit Bk of Mid East | 13 | ● Leopold Joseph & Sons | 13 | | |
| ● Brown Shipley | 13 | Lloyds Bank | 13 | | |
| Business Mtge Tst | 13½ | Meghraj Bank Ltd | 13 | | |
| CL Bank Nederland | 13 | McDonnell Douglas Bnk | 13 | | |
| Central Capital | 13 | Midland Bank | 13 | | |
| ● Charterhouse Bank | 13 | Mortgage Express Ltd. | §13.95 | | |
| Citibank NA | 13 | Mount Bnkg Corp. | 13 | | |
| City Merchants Bank | 13 | Nat. Bk. of Kuwait | 13 | | |

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## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

| | | Fri Feb 3 1989 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%) | Est. P/E Ratio (Net) | xd adj. 1989 to date | Thu Feb 2 Index No. | Wed Feb 1 Index No. | Tue Jan 31 Index No. | Year ago (approx) Index No. | 1988/89 High | 1988/89 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (208) | 913.25 | +1.5 | 10.26 | 3.91 | 11.95 | 1.09 | 899.40 | 894.06 | 897.82 | 729.83 | 913.25 3/2/89 | 706.80 8/2/88 | 1038.07 16/7/87 | 50.71 13/12/74 |
| 2 | Building Materials (28) | 1144.09 | +2.0 | 11.14 | 3.98 | 11.05 | 0.26 | 1121.35 | 1109.64 | 1124.63 | 974.92 | 1144.09 3/2/89 | 900.82 9/12/88 | 1381.08 16/7/87 | 44.27 11/12/74 |
| 3 | Contracting, Construction (39) | 1688.00 | +1.4 | 11.74 | 3.62 | 11.10 | 0.00 | 1664.07 | 1654.21 | 1665.59 | 1467.85 | 1688.00 3/2/89 | 1385.83 4/1/88 | 1951.50 16/7/87 | 71.48 2/12/74 |
| 4 | Electricals (10) | 2638.09 | +0.3 | 8.20 | 4.28 | 14.70 | 0.00 | 2630.31 | 2617.08 | 2636.18 | 2005.35 | 2638.18 31/1/89 | 1946.87 6/4/88 | 2733.45 20/7/87 | 84.71 25/6/62 |
| 5 | Electronics (30) | 2059.59 | +0.9 | 9.10 | 3.17 | 14.22 | 7.19 | 2040.69 | 2015.03 | 2015.81 | 1461.45 | 2059.59 3/2/89 | 1423.66 9/2/88 | 2236.70 17/7/87 | 1229.01 8/10/85 |
| 6 | Mechanical Engineering (55) | 483.50 | +1.8 | 9.86 | 3.89 | 12.35 | 0.12 | 474.79 | 474.01 | 475.48 | 378.75 | 483.50 3/2/89 | 367.20 8/2/88 | 544.57 14/10/87 | 45.43 5/1/75 |
| 8 | Metals and Metal Forming (7) | 520.18 | +1.3 | 14.75 | 5.66 | 7.66 | 0.00 | 513.72 | 512.24 | 513.64 | 436.24 | 520.18 3/2/89 | 424.40 19/2/88 | 596.67 9/10/87 | 49.65 6/1/75 |
| 9 | Motors (17) | 309.74 | +2.3 | 10.56 | 4.27 | 10.99 | 0.00 | 302.67 | 301.43 | 300.39 | 271.12 | 309.74 3/2/89 | 254.89 12/12/88 | 411.42 13/10/87 | 19.91 6/1/75 |
| 10 | Other Industrial Materials (22) | 1535.27 | +1.7 | 8.99 | 4.10 | 13.20 | 3.46 | 1510.31 | 1512.98 | 1514.61 | 1228.38 | 1535.27 3/2/89 | 1191.01 8/2/88 | 1736.80 22/9/87 | 277.55 15/1/81 |
| 21 | CONSUMER GROUP (186) | 1185.27 | +1.6 | 8.77 | 3.55 | 14.29 | 0.87 | 1167.17 | 1162.99 | 1167.76 | 1020.86 | 1185.27 3/2/89 | 989.31 14/12/88 | 1406.32 16/7/87 | 61.41 13/12/74 |
| 22 | Brewers and Distillers (22) | 1285.87 | +1.4 | 9.91 | 3.46 | 12.61 | 0.00 | 1268.01 | 1270.55 | 1275.86 | 968.91 | 1285.87 3/2/89 | 951.87 8/2/88 | 1285.87 3/2/89 | 69.47 13/12/74 |
| 25 | Food Manufacturing (21) | 1056.90 | +1.1 | 8.67 | 3.64 | 14.49 | 1.57 | 1044.89 | 1039.04 | 1046.50 | 838.22 | 1056.90 3/2/89 | 803.48 6/4/88 | 1092.25 16/7/87 | 59.67 11/12/74 |
| 26 | Food Retailing (15) | 2118.38 | +1.9 | 8.56 | 3.31 | 15.37 | 4.84 | 2079.22 | 2062.85 | 2083.67 | 2026.27 | 2179.42 10/3/88 | 1723.24 15/12/88 | 2649.96 16/7/87 | 54.25 11/12/74 |
| 27 | Health and Household (13) | 2116.37 | +1.8 | 6.34 | 2.56 | 18.08 | 0.20 | 2077.93 | 2073.21 | 2061.61 | 1765.43 | 2116.37 3/2/89 | 1788.33 13/1/88 | 2699.85 16/7/87 | 175.38 28/5/80 |
| 29 | Leisure (33) | 1564.66 | +1.5 | 7.71 | 3.33 | 16.39 | 1.30 | 1541.01 | 1532.52 | 1529.86 | 1191.08 | 1564.66 3/2/89 | 1142.19 4/1/88 | 1564.66 3/2/89 | 54.83 9/1/75 |
| 31 | Packaging & Paper (17) | 595.78 | +1.3 | 9.36 | 3.84 | 13.28 | 0.53 | 587.94 | 584.92 | 587.52 | 498.35 | 595.78 3/2/89 | 473.11 6/4/88 | 739.48 16/7/87 | 43.46 6/1/75 |
| 32 | Publishing & Printing (18) | 3827.77 | +2.1 | 8.31 | 4.11 | 15.07 | 3.38 | 3747.33 | 3698.45 | 3716.23 | 3403.76 | 3827.77 3/2/89 | 3091.72 14/12/88 | 5070.66 5/10/87 | 55.08 6/1/75 |
| 34 | Stores (33) | 790.78 | +1.2 | 10.73 | 4.37 | 12.25 | 0.32 | 781.02 | 781.37 | 790.45 | 814.72 | 859.85 28/1/88 | 658.79 9/12/88 | 1160.58 29/7/87 | 52.63 6/1/75 |
| 35 | Textiles (14) | 530.66 | +1.7 | 13.12 | 5.37 | 9.13 | 0.00 | 521.94 | 519.84 | 522.37 | 570.05 | 620.72 27/4/88 | 432.61 14/12/88 | 914.52 2/10/87 | 62.66 11/12/74 |
| 40 | OTHER GROUPS (93) | 1047.35 | +1.5 | 10.85 | 4.12 | 12.15 | 0.12 | 1032.29 | 1030.27 | 1032.93 | 858.21 | 1047.35 3/2/89 | 834.42 8/2/88 | 1192.48 8/10/87 | 58.63 6/1/75 |
| 41 | Agencies (18) | 1213.23 | +2.0 | 7.90 | 2.42 | 15.98 | 0.00 | 1189.97 | 1193.27 | 1188.13 | 1066.37 | 1219.02 18/3/88 | 994.91 12/12/88 | 1795.57 17/7/87 | 870.35 4/12/87 |
| 42 | Chemicals (22) | 1198.82 | +1.8 | 10.69 | 4.40 | 11.27 | 0.23 | 1177.57 | 1173.93 | 1165.58 | 1019.51 | 1198.82 3/2/89 | 971.71 5/4/88 | 1545.46 5/10/87 | 71.20 1/12/74 |
| 43 | Conglomerates (12) | 1445.70 | +1.7 | 10.70 | 5.02 | 10.79 | 0.00 | 1421.03 | 1422.87 | 1434.03 | 1144.50 | 1445.70 3/2/89 | 1095.37 4/1/88 | 1547.01 8/10/87 | 975.19 10/11/87 |
| 45 | Shipping and Transport (12) | 2260.68 | +2.6 | 8.79 | 3.69 | 14.86 | 0.00 | 2204.21 | 2176.01 | 2156.60 | 1816.79 | 2260.68 3/2/89 | 1718.96 4/1/88 | 2497.85 16/7/87 | 90.80 29/6/62 |
| 47 | Telephone Networks (2) | 1132.86 | +0.2 | 10.37 | 4.15 | 12.54 | 0.00 | 1130.19 | 1127.56 | 1136.98 | 930.38 | 1138.55 30/1/89 | 880.24 12/1/88 | 1274.14 9/6/87 | 517.92 30/11/84 |
| 48 | Miscellaneous (27) | 1440.06 | +1.9 | 9.84 | 3.79 | 11.56 | 0.62 | 1412.95 | 1415.75 | 1427.17 | 1158.11 | 1440.06 3/2/89 | 1096.28 19/5/88 | 1773.70 5/10/87 | 60.39 6/7/75 |
| 49 | INDUSTRIAL GROUP (487) | 1094.66 | +1.5 | 9.54 | 3.80 | 12.96 | 0.76 | 1078.24 | 1074.16 | 1078.14 | 911.24 | 1094.66 3/2/89 | 887.00 8/2/88 | 1268.86 16/7/87 | 59.01 13/12/74 |
| 51 | Oil & Gas (13) | 1952.66 | +0.8 | 9.43 | 5.68 | 13.56 | 0.00 | 1936.44 | 1952.62 | 1964.75 | 1750.90 | 1964.75 31/1/89 | 1681.40 9/9/88 | 2458.68 16/7/87 | 87.23 29/5/62 |
| 59 | 500 SHARE INDEX (500) | 1167.78 | +1.4 | 9.52 | 4.06 | 13.04 | 0.70 | 1151.32 | 1148.86 | 1153.51 | 982.42 | 1167.78 3/2/89 | 958.79 5/2/88 | 1369.88 16/7/87 | 63.49 13/12/74 |
| 61 | FINANCIAL GROUP (126) | 761.50 | +1.4 | – | 4.68 | – | 0.28 | 750.86 | 749.32 | 755.59 | 649.22 | 761.50 3/2/89 | 630.02 8/2/88 | 896.67 13/10/87 | 55.88 13/12/74 |
| 62 | Banks (8) | 756.11 | +1.2 | 18.95 | 5.79 | 7.07 | 0.00 | 746.82 | 748.01 | 762.27 | 666.72 | 762.27 31/1/89 | 610.26 7/4/88 | 898.38 16/7/87 | 62.44 12/12/74 |
| 65 | Insurance (Life) (8) | 1088.89 | +2.7 | – | 4.95 | – | 0.00 | 1060.58 | 1051.32 | 1066.98 | 962.48 | 1090.17 1/8/88 | 906.86 14/12/88 | 1285.72 9/10/87 | 44.88 2/1/75 |
| 66 | Insurance (Composite) (7) | 606.81 | +1.0 | – | 5.15 | – | 0.00 | 600.98 | 599.96 | 598.48 | 494.13 | 606.81 3/2/89 | 481.43 8/2/88 | 707.58 13/10/87 | 43.96 13/12/74 |
| 67 | Insurance (Brokers) (7) | 1047.34 | +1.1 | 8.36 | 6.21 | 14.95 | 0.00 | 1035.47 | 1042.04 | 1025.85 | 880.22 | 1047.34 3/2/89 | 823.41 6/4/88 | 1399.56 17/7/87 | 65.86 16/12/74 |
| 68 | Merchant Banks (11) | 349.77 | +2.3 | – | 4.29 | – | 0.00 | 341.77 | 342.93 | 344.52 | 342.72 | 378.23 9/6/88 | 309.82 13/12/88 | 547.59 12/10/87 | 31.21 7/1/75 |
| 69 | Property (53) | 1324.89 | +1.4 | 5.47 | 2.54 | 23.28 | 0.69 | 1306.65 | 1299.10 | 1303.17 | 1010.49 | 1324.89 3/2/89 | 975.44 4/1/88 | 1374.86 16/7/87 | 56.01 20/4/65 |
| 70 | Other Financial (32) | 386.51 | +0.9 | 9.02 | 5.28 | 13.82 | 1.12 | 382.92 | 381.90 | 383.82 | 382.61 | 401.37 22/3/88 | 340.50 14/12/88 | 603.48 16/7/87 | 33.29 17/12/74 |
| 71 | Investment Trusts (76) | 1069.78 | +1.2 | – | 2.86 | – | 0.67 | 1056.67 | 1056.41 | 1060.45 | 837.73 | 1069.78 3/2/89 | 784.91 4/1/88 | 1207.90 5/10/87 | 71.12 13/12/74 |
| 81 | Mining Finance (2) | 669.38 | +1.0 | 9.13 | 3.12 | 12.20 | 0.00 | 662.81 | 634.20 | 629.77 | 400.32 | 669.38 3/2/89 | 385.04 8/2/88 | 727.93 3/8/87 | 66.31 30/9/74 |
| 91 | Overseas Traders (8) | 1372.54 | +1.0 | 9.11 | 4.87 | 12.74 | 15.65 | 1358.91 | 1365.93 | 1373.48 | 1009.31 | 1447.77 7/11/88 | 969.88 4/1/88 | 1447.77 7/11/88 | 97.37 6/1/75 |
| 99 | ALL-SHARE INDEX (712) | 1067.88 | +1.4 | – | 4.11 | – | 0.72 | 1053.04 | 1050.20 | 1054.97 | 892.44 | 1067.88 3/2/89 | 870.19 8/2/88 | 1238.57 16/7/87 | 61.92 13/12/74 |
| | | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Feb 2 | Feb 1 | Jan 31 | Jan 30 | Jan 27 | Year ago | | | | |
| | FT-SE 100 SHARE INDEX‡ | 2069.9 | +26.5 | 2078.0 | 2047.2 | 2043.4 | 2039.7 | 2051.8 | 2042.9 | 2005.9 | 1737.8 | 2069.9 3/2/89 | 1694.5 8/2/88 | 2443.4 16/7/87 | 986.9 23/7/84 |

## FIXED INTEREST

| | PRICE INDICES | Fri Feb 3 | Day's change % | Thu Feb 2 | xd adj. today | xd adj. 1989 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | 5 years | 119.49 | +0.23 | 119.22 | – | 1.20 |
| 2 | 5-15 years | 137.25 | +0.45 | 136.64 | – | 1.45 |
| 3 | Over 15 years | 151.53 | +0.65 | 150.55 | – | 0.25 |
| 4 | Irredeemables | 174.33 | +0.64 | 173.23 | – | 0.00 |
| 5 | All stocks | 134.57 | +0.41 | 134.03 | – | 1.23 |
| | **Index-Linked** | | | | | |
| 6 | 5 years | 131.90 | +0.25 | 131.57 | – | 0.00 |
| 7 | Over 5 years | 130.97 | +0.71 | 130.04 | – | 0.42 |
| 8 | All stocks | 130.90 | +0.69 | 130.00 | – | 0.38 |
| 9 | Debentures & Loans | 118.13 | +0.07 | 118.04 | – | 0.62 |
| 10 | Preference | 89.40 | +0.04 | 89.37 | – | 0.17 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Feb 3 | Thu Feb 2 | Year ago (approx.) | 1988/89 High | 1988/89 Low |
|---|---|---|---|---|---|---|---|
| | **British Government** | | | | | | |
| 1 | Low | 5 years | 9.03 | 9.08 | 8.94 | 10.54 14/12/88 | 8.38 18/4/88 |
| 2 | Coupons | 15 years | 8.84 | 8.87 | 9.32 | 9.83 13/1/88 | 8.84 3/2/89 |
| 3 | | 25 years | 8.78 | 8.81 | 9.21 | 9.57 13/1/88 | 8.78 3/2/89 |
| 4 | Medium | 5 years | 10.03 | 10.09 | 9.53 | 10.94 14/12/88 | 8.75 18/4/88 |
| 5 | Coupons | 15 years | 9.27 | 9.33 | 9.53 | 10.01 13/1/88 | 9.12 15/3/88 |
| 6 | | 25 years | 8.93 | 8.99 | 9.38 | 9.79 13/1/88 | 8.93 3/2/89 |
| 7 | High | 5 years | 10.20 | 10.26 | 9.61 | 11.06 14/12/88 | 8.84 18/4/88 |
| 8 | Coupons | 15 years | 9.47 | 9.54 | 9.68 | 10.16 13/1/88 | 9.26 15/3/88 |
| 9 | | 25 years | 9.08 | 9.15 | 9.41 | 9.82 13/1/88 | 8.99 27/1/89 |
| 10 | Irredeemables† | | 8.79 | 8.82 | 9.32 | 10.09 2/9/88 | 8.65 18/4/88 |
| | **Index-Linked** | | | | | | |
| 11 | Inflation rate 5% | 5yrs. | 3.51 | 3.57 | 2.45 | 3.87 4/1/89 | 2.09 30/3/88 |
| 12 | Inflation rate 5% | Over 5 yrs. | 3.57 | 3.62 | 3.87 | 4.27 13/1/88 | 3.53 8/11/88 |
| 13 | Inflation rate 10% | 5 yrs. | 2.67 | 2.72 | 1.53 | 3.59 13/1/88 | 1.09 30/3/88 |
| 14 | Inflation rate 10% | Over 5 yrs. | 3.41 | 3.45 | 3.71 | 4.37 13/1/88 | 3.37 8/11/88 |
| 15 | Debs & | 5 years | 11.65 | 11.69 | 10.85 | 11.82 28/9/88 | 10.16 24/5/88 |
| 16 | Loans | 15 years | 11.20 | 11.20 | 10.83 | 11.41 28/9/88 | 10.51 19/4/88 |
| 17 | | 25 years | 10.80 | 10.80 | 10.83 | 11.21 2/9/88 | 10.51 19/4/88 |
| 18 | Preference† | | 10.08 | 10.08 | 10.51 | 10.84 4/1/88 | 9.54 22/6/88 |

‡Opening index 2047.2; 10 am 2062.0; 11 am 2065.3; Noon 2075.9; 1 pm 2074.5; 2 pm 2073.1; 3 pm 2071.0; 4 pm 2072.0; 4.05 pm 2071.6 (a) 11.54am (b) 9.00am

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| Agencies | 31/12/86 | 1114.07 | Overseas Traders | 31/12/74 | 100.00 | Mining Finance | 29/12/67 | 100.00 |
| Conglomerates | 31/12/86 | 1114.07 | Mechanical Engineering | 31/12/71 | 153.84 | All Other | 10/4/62 | 100.00 |
| Telephone Networks | 30/11/84 | 517.92 | Industrial Group | 31/12/70 | 128.20 | British Government | 31/12/75 | 100.00 |
| Electronics | 30/12/83 | 1646.65 | Other Financial | 31/12/70 | 128.06 | Do. Index-linked | 30/4/82 | 100.00 |
| Other Industrial Materials | 31/12/80 | 287.41 | Food Manufacturing | 29/12/67 | 114.13 | Debs & Loans | 31/12/77 | 100.00 |
| Health/Household Products | 30/12/77 | 261.77 | Food Retailing | 29/12/67 | 114.13 | Preference | 31/12/77 | 76.72 |
| Other Groups | 31/12/74 | 63.75 | Insurance Brokers | 29/12/67 | 96.67 | FT-SE 100 Index | 30/12/83 | 1000.00 |

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

## INTERNATIONAL COMPANIES AND FINANCE

# Yamanouchi to take 78% holding in Shaklee Japan

By Ian Rodger in Tokyo

YAMANOUCHI Pharmaceutical, one of Japan's leading ethical drug groups, has agreed to buy 77.7 per cent of Shaklee Japan, a health food and personal care products company, from its US parent for Y45.5bn ($352.3m).

The deal is remarkable on a number of points, not least that it is rare for a Japanese company to buy out a foreign-controlled company in Japan.

Moreover, Shaklee Japan made history nearly three years ago when it became the first foreign-owned subsidiary to float a portion of its shares on the Japanese stock market.

The way the latest deal was arranged is also notable. Shaklee Japan's lead Japanese underwriters for the June 1986 flotation on the over-the-counter market were Nikko Securities and Goldman Sachs.

However, the go-between for the sale to Yamanouchi was Nomura Wasserstein Perella (NWP), the mergers and acquisitions "boutique" set up in Tokyo last October.

NWP, which was retained and invited bids from five or six Japanese companies, has been developing a business in agreed deals within Japan. It was established when Nomura Securities paid $100m for a 20 per cent stake in Wasserstein Perella, the Wall Street M&A specialist.

Shaklee Japan's parent company, San Francisco-based Shaklee International, decided early this year to put its interest in its highly successful Japanese subsidiary up for sale.

A Yamanouchi official said yesterday the company decided to make the purchase, at Y2,260 a share, because it wanted to strengthen its position in certain products, such as vitamins and proteins. The deal is to be completed next Wednesday.

There are no plans to make a similar offer to Japanese investors who bought shares when Shaklee Japan went public in July 1986. Yamanouchi said almost all of these investors were banks, business contacts or people who worked for the direct sales company and so would not be interested in selling their shares.

Under the agreement with Shaklee, the US company will continue to transfer technology to its former subsidiary on commercial terms. It will also receive the rights to sell in the US any products developed by Shaklee Japan.

Shaklee Japan had pre-tax profits of Y4.1bn on sales of Y12.9bn in the year to September 1987, while Yamanouchi recorded pre-tax profits of Y44.1bn on sales of Y164.1bn in the year to December 1987.

# Europeans thought to be building BIL stake

By Dai Hayward in Wellington

A FOREIGN group, possibly British, is thought to be accumulating a substantial stake in Brierley Investments (BIL), the New Zealand flagship of Sir Ron Brierley's international operations.

In the last two weeks 43m BIL shares worth almost NZ$65m (US$39.4m) have been traded. The buyer or buyers have been active on both the New Zealand and Australian stock exchanges.

The latest spree follows demand seen before Christmas and early this year. On Thursday this week BIL led turnover on the New Zealand exchange with 11.7m shares traded, while another 8.5m changed hands off-market.

Yesterday, on turnover of 6.2m shares, BIL rose a further 4 cents to NZ$1.63. A few months ago BIL shares were changing hands at just above the NZ$1 mark.

The group's interim results, due to be released late next week, are expected to be good. But this in itself would not be sufficient to sustain the continuing interest. Analysts believe European investors are moving in on BIL.

Last year the UK-registered Pendal Nominees was shown to be the fifth largest BIL shareholder, with a stake then of 1.69 per cent.

Mr Paul Collins, BIL chief executive, shrugged off suggestions that somebody was building a large stake in the company. He pointed out that the 40m shares bought earlier this week represented only 2 per cent of the issued capital.

# DAF drops County NatWest

By Kevin Done, Motor Industry Correspondent

DAF, the Dutch commercial vehicles maker, is to go public in May with an international equity offering and a listing on both the London and Amsterdam stock exchanges.

In a surprise move the company has dropped its original plans to appoint County NatWest, the troubled UK investment bank, as sponsor of the issue in London and instead said last night it had appointed S.G. Warburg as the leader of its UK banking syndicate.

County NatWest is under investigation by the Department of Trade and Industry for its role in the Blue Arrow affair, in which it allegedly failed to disclose a large stake in the manpower services company after underwriting an unsuccessful rights issue.

DAF, the fifth largest maker of medium and heavy trucks in West Europe, said last night that the Amsterdam-Rotterdam Bank (Amro) would lead the banking syndicate which will underwrite the placing of the shares, and would also lead the issue in the Benelux countries.

S.G. Warburg has been appointed leader for the UK, while Credit Suisse First Boston will act as leader for the rest of the world. N.M. Rothschild and F. van Lanschot Bankiers will act as consultants.

DAF said its present shareholders planned to re-issue about 60 per cent of the present share capital. In addition the company was considering a limited increase in its share capital.

It is believed the sale of existing shares could raise close to £250m ($442m) for present shareholders, while DAF itself could raise up to £80m through a share issue.

The DAF flotation will offer the stock market the first chance to invest directly in one of West Europe's leading truck makers.

● The Fl 1.13bn ($536m) privatisation issue of one third of DSM, the Dutch state-owned chemicals company, was three to four times subscribed. Official trading in the shares starts on Monday, adds Laura Raun.

The grey market price has stayed well above the issue price of Fl 108 since the flotation was first priced.

Around 54 per cent of the shares were sold in the Netherlands, mainly to private investors.

Foreign institutions, particularly UK and Swiss, proved eager buyers and took up most of the remaining shares.

# Kidder fears more resignations

By James Buchan in New York

KIDDER PEABODY, the middle ranking Wall Street firm, is bracing itself for more resignations by senior bankers and traders after the departure on Thursday of Mr Michael Madden, head of investment banking at the firm.

The firm, which is 80 per cent owned by the General Electric industrial group, is in turmoil because of disagreements between some of its long-serving officials and executives of GE's finance arm, GE Capital.

Mr Madden, a well-regarded banker who has served at Kidder since 1973, was one of four executives who quit on Thursday.

The others were two senior colleagues from investment banking – Mr Douglas Brown and Mr Thomas Ostrander – and Mr Steven Baum, head of mortgage trading.

Kidder officials fear that more of Mr Madden's supporters could leave in coming weeks.

Colleagues of the four men say they felt that GE's tight and controlling style of management threatened the independence of their operations.

Mr Madden was also said to be unhappy with the bonus pool available for his department, which generated considerable revenues for Kidder.

GE itself, which has invested $700m in Kidder since 1986, is known to be unhappy with the return it has so far achieved on its invested capital.

Last year, Kidder Peabody reported net income after tax and bonuses of just $46m.

The departures show that tension at Kidder Peabody has grown since the resignation last month of Mr Max Chapman, the firm's president, after he was passed over for the role of chief executive in favour of Mr Michael Carpenter.

# Chiat/Day in Australia deal

By Our Financial Staff

MOJO MDA, Australia's biggest home-grown advertising agency, is to be taken over by Chiat/Day of the US in a A$75.3m (US$67m) deal which joins the urbane California agency with the thrusting creator of the Paul Hogan tourism campaign.

Chiat/Day, which until now has concentrated on North America, is paying A$2.30 a share in a deal which is projected to increase group billings to around the US$1bn level, from about $700m.

Mojo, headed by Mr Alan Morris and Allan Johnston, has expanded overseas and has offices in the UK, New Zealand and the US.

Two Mojo units are being sold separately to HDM, a consortium linking Dentsu of Japan, Eurocom of France and the New York-based Young & Rubicam.

# LyphoMed leads AIDS drug race

## Peter Marsh on expected FDA approval for a new treatment

LyphoMed, a US pharmaceutical company, is expected on Monday to gain limited approval from the US Food and Drug Administration (FDA) to sell a new form of drug to combat an often fatal respiratory ailment associated with AIDS.

Although the announcement is likely to hit Fisons, the UK drugs company, which is developing its own version of the LyphoMed product, it will lift the hopes of AIDS sufferers.

The expected approval is also likely to be a fillip to the pharmaceutical industry which has been trying for several years – so far without much evident success – to develop new treatments for AIDS.

The disease, which in many cases leads to death within years, may affect 1m people worldwide by 1991, according to World Health Organisation estimates.

So far only one drug – Retrovir, which is made by Wellcome, the UK drug company – has been licensed for widespread prescription to sufferers.

Any limited approval for the LyphoMed drug – a new form of pentamidine, which has been in existence since the 1940s – is likely to be followed later this year by full FDA permission for LyphoMed to market the drug widely.

Chicago-based LyphoMed is small in drug industry terms. It has annual revenues of about $130m, most of this accounted for by sales of generic, or off-patent, medications.

Pentamidine has been found in recent years to be effective in treating pneumocystis carinii pneumonia (PCP), a type of pneumonia often contracted by AIDS sufferers and which frequently kills them.

Fisons has been working on its own version of the same drug since October 1987. But under US regulations covering so-called orphan drugs – pharmaceuticals for which there is a limited market – the UK company is likely to be refused permission to sell its form of the therapy in the US if LyphoMed gains full FDA approval first.

Drug industry analysts assume the expected interim approval for the LyphoMed product puts the US company ahead of Fisons in the race to gain full permission from the FDA for marketing the drug. This view is, however, challenged by Fisons.

The form of pentamidine on which both LyphoMed and Fisons are working directs tiny droplets of the drug directly into the lungs via an aerosol system.

This is far more effective than the conventional means of administering pentamidine, via an intravenous infusion into the blood stream. The established technique is often associated with unpleasant side-effects ranging from tiredness to nausea.

Full FDA approval for the LyphoMed product would enable doctors to prescribe the drug as a prophylactic for people who have AIDS but have not yet developed PCP.

That could mean that virtually all 60,000 people in the US who have AIDS – the largest number of registered cases anywhere – would be eligible for treatment.

These sufferers would be likely to receive a dose of the drug via an aerosol once or twice a month.

The large number of AIDS patients in the US means that any company developing a drug to combat either AIDS or related diseases like PCP is likely to try for FDA approval for its product before approaching government licensing authorities in other countries.

At the moment about 3,000 people in the US are receiving the aerosol form of pentamidine in clinical trials, according to Mr Brian Tambi, a vice president at LyphoMed. That number would be likely to rise substantially should the company gain its interim FDA approval.

Mr Tambi said he was confident that under orphan drug rules LyphoMed would gain an exclusive right to sell this form of pentamidine in the US, assuming the FDA granted full approval.

Mr Jonathan de Pass, a pharmaceutical industry analyst at Barclays de Zoete Wedd, a London stockbroker, said he thought full FDA permission for the product would come within two months. That would put LyphoMed substantially ahead of Fisons in the race to get the aerosol version of pentamidine in widespread use.

Ms Elle Gibson, an analyst at the London office of Merrill Lynch, a US investment bank, said the market for US sales of the product could be "considerable."

It would be likely to start at about $20m a year in 1990 and rise appreciably after this, depending on the escalation of AIDS cases in the US.

Fisons said it was not worried by the likely interim approval for the LyphoMed product.

An official said Fisons considered itself ahead of LyphoMed in the bid to gain approval but could not discuss details of its efforts to win a FDA licence.

# Fairfax optimistic on fee dispute

By Chris Sherwell in Sydney

THE FAIRFAX newspaper group of Australia and Mr Alan Bond's Bond Media are trying to settle out of court their legal dispute over a A$100m (US$89m) "success fee," it was confirmed yesterday.

Following a local newspaper report that a settlement had already been reached, a senior Fairfax official said discussions had started some weeks ago and he was optimistic that a settlement would come soon.

The dispute arose from Mr Warwick Fairfax's A$2.55bn takeover in 1987 of John Fairfax, publisher of the Sydney Morning Herald, the Melbourne Age and the Australian Financial Review.

Having taken the company private, Mr Fairfax refused to pay the agreed A$100m success fee to his adviser, the Perth-based Rothwells merchant bank. He said it had not performed its duties properly.

Before the case came to court, Rothwells, which is now in liquidation, sold the fee at a discounted A$67m to Bond Media, which joined the suit.

The case was adjourned in December after several weeks of occasionally tortuous hearings, and is not scheduled to resume for several months. Without a settlement out of court, the two sides face a long and costly battle.

Last week the Fairfax group finally concluded several months of difficult negotiations for a A$1.5bn refinancing of its burdensome debt. The package includes a US issue of A$450m in high-yielding junk bonds through Drexel Burnham Lambert and A$1.1bn in two loans from the ANZ Bank and Citibank.

Meanwhile, Mr Bond has been reported as trying at least twice to bid for the Fairfax group, offering up to A$2bn. If true, it would suggest Mr Bond, who already owns the West Australian newspaper in Perth, is keen to expand his domestic print interests.

This has fuelled suggestions that Mr Bond might be seeking to sell his Channel Nine television interests before the Australian Broadcasting Tribunal reports on its inquiry into his fitness to hold television and radio licences.

# Suits fly in video game row

By Louise Kehoe

A BARRAGE of lawsuits is flying between rivals in the $2.3bn video game market.

Two US companies have separately charged Nintendo, the Japanese manufacturer that controls an estimated 80 per cent of the world market, with practices designed to prevent open competition. Nintendo denies the allegations.

Atari Corporation this week filed suit charging that Nintendo has tried to make third-party software developers captive by preventing them from developing games for competing machines.

Earlier, Atari Games, unrelated to Atari Corporation, also filed anti-trust charges claiming that Nintendo's insistence on manufacturing all Nintendo video game cartridges, including those incorporating software developed by third parties, is a deliberate attempt to limit competition.

Nintendo says it intends to defend itself against Atari Corporation's "baseless claims." It also yesterday filed suit against Atari Games and its subsidiary Tengen charging the companies with patent infringement.

# KOP plans issues to raise FM1.36bn

By Olli Virtanen in Helsinki

KANSALLIS-Osake-Pankki, one of Finland's two leading commercial banks, plans to raise a total of FM1.36bn ($316m) in a combined rights issue and convertible bond offer targeted at its employees.

The rights issue is on a one-for-four basis at FM33 a share. KOP's restricted shares traded at FM61 and the free shares at FM64 on the Helsinki stock exchange on Thursday. The issue will raise KOP's capital to FM3.66bn.

As part of the bank's centenary year celebrations, personnel are offered a maximum of FM150m of convertible bonds.

KOP group also announced a preliminary profit, before provisions and taxes, of FM1.11bn ($267m) for 1988, up from FM936m in 1987. Net profit rose from FM310m to FM540m.

The bank's supervisory board, meanwhile, proposes an unchanged dividend of FM2.40 a share.

## WORLD COMMODITIES PRICES

### WEEKLY PRICE CHANGES

| | Latest prices | Change on week | Year ago | High 1988/89 | Low 1988/89 |
|---|---|---|---|---|---|
| Gold per troy oz. | $388.75 | -10.5 | $439.00 | $485.5 | $388.75 |
| Silver Per troy oz | 332.90p | -10.9 | 362.00p | 457.75p | 328.4p |
| Aluminium 99.7% (cash) | $2177.5 | -152.5 | $2040 | $4205 | $1915 |
| Copper Grade A (cash) | £1802.5 | -114 | £1362.5 | £2004 | £1129.5 |
| Lead(cash) | £367 | -8.5 | £378.5 | £408 | £328 |
| Nickel (cash) | $18000 | -400 | £8015 | $22200 | £4022.5 |
| Zinc (cash) | $1805 | -74 | £497.5 | $1879 | $850 |
| Tin (cash) | £4420 | -25 | £3880 | £4540 | £3625 |
| Cocoa Futures (May) | £851 | -18 | £1062 | £1182 | £722 |
| Coffee Futures (Mar) | £1155 | -23 | £1260 | £1317 | £922 |
| Sugar (LDP Raw) | $256.8 | +21.0 | $230.4 | $393 | $213.6 |
| Barley Futures (May) | £111.8 | +0.55 | £106.50 | £112.15 | £97.25 |
| *Wheat Futures (May)* | *£115.7* | *-0.35* | *£108.10* | *£118.0* | *£103.35* |
| Cotton Outlook A Index | 63.90c | +0.05 | 68.50c | 75.3c | 54.9c |
| Wool (64S Super) | 682p | +22 | 523p | 710p | 484p |
| Rubber (Spot) | 61.25p | -0.75 | 63p | 88p | 51p |
| Oil (Brent Blend) | $16.70 | -0.475 | $16.25 | $17.80 | $11.25 |

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb

### SPOT MARKETS

| Crude oil (per barrel FOB) | | + or - |
|---|---|---|
| Dubai | $14.55-4.65z | -0.10 |
| Brent Blend | $16.65-6.75w | -0.15 |
| W.T.I. (1 pm est) | $17.61-7.66z | -0.10 |
| **Oil products** (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $185-187 | |
| Gas Oil | $143-145 | -1 |
| Heavy Fuel Oil | $72-74 | |
| Naphtha | $159-161 | +1 |
| *Petroleum Argus Estimates* | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $388.75 | -3.25 |
| Silver (per troy oz)♣ | 581c | -6 |
| Platinum (per troy oz) | $523.5 | +0.5 |
| Palladium (per troy oz) | $139.25 | -0.50 |
| Aluminium (free market) | $2215 | |
| Copper (US Producer) | 149⅝-153c | |
| Lead (US Producer) | 40c | |
| Nickel (free market) | 307c | +7 |
| Tin (European free market) | £4420 | +35 |
| Tin (Kuala Lumpur market) | 20.51r | +0.01 |
| Tin (New York) | 351.5c | |
| Zinc (US Prime Western) | 76⅞c | |
| Cattle (live weight)† | 108.80p | -0.74* |
| Sheep (dead weight)† | 140.93p | -3.14* |
| Pigs (live weight)† | 77.70p | -0.59* |
| London daily sugar (raw) | $256.8x | -0.4 |
| London daily sugar (white) | $288.5x | +0.5 |
| Tate and Lyle export price | £255.5 | |
| Barley (English feed) | £115w | +1.75 |
| Maize (US No. 3 yellow) | £133w | |
| Wheat (US Dark Northern) | £124.75v | -0.80 |
| Rubber (spot)♥ | 61.25p | -0.75 |
| Rubber (Mar)♥ | 71.50p | -0.25 |
| Rubber (Apr)♥ | 72.00p | -0.25 |
| Rubber (KL RSS No 1 Mar) | 312.0m | -1.0 |
| Coconut oil (Philippines)§ | $547.5u | -2.5 |
| Palm Oil (Malaysian)§ | $410q | |
| Copra (Philippines)§ | $370w | |
| Soyabeans (US) | $191w | +1 |
| Cotton "A" Index | 63.90c | -0.70 |
| Wooltops (64s Super) | 682p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Mar. w-Feb. v-Apr/May. u-Mar/Apr. q-Jan/Feb. x-Feb/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

### COCOA £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 844 | 840 | 850 840 |
| May | 851 | 852 | 861 849 |
| Jul | 843 | 846 | 850 842 |
| Sep | 840 | 840 | 847 839 |
| Dec | 853 | 855 | 858 852 |
| Mar | 855 | 858 | 862 858 |

Turnover:4173 (6712) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 2: 1106.63 (1107.16):10 day average for Feb 3: 1105.22 (1100.21).

### COFFEE £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 1168 | 1165 | 1174 1163 |
| May | 1155 | 1144 | 1154 1140 |
| Jly | 1134 | 1128 | 1136 1125 |
| Sep | 1130 | 1125 | 1125 1118 |
| Nov | 1130 | 1115 | 1114 |
| Jan | 1125 | 1110 | 1110 1105 |

Turnover:2180 (5912) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 2: Comp. daily 120.38 (119.39); . 15 day average 122.82 (123.06).

### SUGAR ($ per tonne)

| Raw | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 224.40 | 229.00 | 228.00 221.00 |
| May | 229.20 | 232.60 | 232.00 225.00 |
| Aug | 229.00 | 231.00 | 230.00 226.00 |
| Oct | 227.20 | 229.00 | 229.00 224.00 |
| Dec | 225.00 | 228.00 | 225.00 |
| Mar | 223.00 | 225.00 | 223.00 220.00 |
| May | 222.60 | | 222.40 222.00 |
| **White** | **Close** | **Previous** | **High/Low** |
| Mar | 282.50 | 284.00 | 283.50 277.00 |
| May | 273.00 | 274.50 | 274.00 267.80 |
| Aug | 272.50 | 274.00 | 273.00 269.00 |
| Oct | 265.00 | 266.00 | 263.00 |
| Mar | 260.00 | 261.00 | 258.00 |
| May | 258.00 | | 257.00 |

Turnover: Raw 2766 (4059) lots of 50 tonnes. White 1124 (2610).
Paris- White (FFr per tonne): Mar 1777, May 1725, Aug 1730, Oct 1680, Dec 1680, Mar 1655

### LONDON METAL EXCHANGE TRADED OPTIONS

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Mar | May | Mar | May |
| 2050 | 151 | 161 | 13 | 63 |
| 2150 | 81 | 108 | 42 | 107 |
| 2250 | 35 | 68 | 96 | 165 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 2900 | 223 | 209 | 28 | 163 |
| 3100 | 97 | 126 | 100 | 276 |
| 3300 | 31 | 71 | 232 | 416 |

### LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Ring turnover 10,550 tonne |
| Cash | 2175-80 | 2215-25 | | 2210-5 | | |
| 3 months | 2164-5 | 2210-5 | 2220/2160 | 2190-3 | 2173-5 | 26,801 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Ring turnover 24,275 tonne |
| Cash | 1800-5 | 1830-5 | 1821/1820 | 1821-2 | | |
| 3 months | 1736-7 | 1746-7 | 1751/1725 | 1743-4 | 1733-4 | 63,727 lots |
| **Silver (US cents/fine ounce)** | | | | | | Ring turnover 0 ozs |
| Cash | 578-81 | 580-3 | | 577-8 | | |
| 3 months | 591-4 | 593-6 | | 590-1 | | 368 lots |
| **Lead (£ per tonne)** | | | | | | Ring turnover 5,850 tonne |
| Cash | 368-8 | 365-7 | 365.5/365 | 365-5.5 | | |
| 3 months | 369-70 | 368-9 | 370/367 | 368.5-9 | 369-9 | 9,623 lots |
| **Nickel ($ per tonne)** | | | | | | Ring turnover 1,188 tonne |
| Cash | 17950-8050 | 17600-700 | 17900 | 17950-8000 | | |
| 3 months | 17700-25 | 17650-700 | 17775/17600 | 17700-50 | 17700-25 | 6,209 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Ring turnover 12,500 tonne |
| Cash | 1920-30 | 1920-30 | 1950 | 1950-5 | | |
| 3 months | 1845-50 | 1860-70 | 1865/1860 | 1865-70 | 1840-50 | 3,941 lots |
| **Zinc ($ per tonne)** | | | | | | Ring turnover 7,325 tonne |
| Cash | 1800-10 | 1820-30 | 1820 | 1820-5 | | |
| 3 months | 1752-5 | 1781-5 | 1765/1750 | 1762-4 | 1755-60 | 11,684 lots |

### POTATOES £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 52.0 | 50.0 | 50.0 |
| Apr | 70.1 | 70.8 | 72.5 70.0 |
| May | 83.6 | 84.0 | 85.0 83.5 |
| *Nov* | *86.0* | | *85.5* |

Turnover 195 (361) lots of 40 tonnes.

### SOYABEAN MEAL £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 164.00 | 163.50 | 164.00 163.00 |
| Jun | 158.00 | 158.00 | 158.00 |
| Aug | 151.00 | | 151.00 |

Turnover 151 (2684)lots of 20 tonnes.

### FREIGHT FUTURES $10/index point

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 1544 | 1575 | 1565 1540 |
| Mar | 1580 | 1606 | 1600 1580 |
| Apr | 1598 | 1611 | 1610 1591 |
| Jul | 1416 | 1431 | 1425 1416 |
| Oct | 1545 | 1565 | 1545 |
| Jan | 1575 | 1575 | 1575 1555 |
| Apr | 1625 | 1642 | 1625 |
| BFI | 1584 | 1607 | |

Turnover 725 (357)

### GRAINS £/tonne

| Wheat | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 112.00 | 112.70 | 112.40 112.00 |
| May | 115.70 | 116.40 | 116.10 115.70 |
| Jun | 117.50 | 118.10 | 117.80 117.50 |
| Sep | 103.00 | 102.70 | 103.00 |
| Nov | 105.45 | 105.25 | 105.60 105.45 |
| Jan | 108.95 | 108.60 | 108.95 108.85 |
| **Barley** | **Close** | **Previous** | **High/Low** |
| Mar | 110.00 | 110.25 | 110.25 109.85 |
| May | 111.80 | 112.30 | 112.10 111.75 |
| Sep | 100.10 | 100.25 | 100.15 100.10 |
| Nov | 103.35 | 103.25 | 103.35 103.25 |

Turnover: Wheat 253 (279) , Barley 82 (95) .
Turnover lots of 100 tonnes.

### LONDON BULLION MARKET

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 388½-389 | 223-223½ |
| Opening | 391¼-391¾ | 223¾-224¼ |
| Morning fix | 390.85 | 223.598 |
| Afternoon fix | 390.00 | 223.816 |
| Day's high | 392-392½ | |
| Day's low | 388½-389 | |

| Coins | $ price | £ equivalent |
|---|---|---|
| Mapleleaf | 400-405 | 229½-232½ |
| Britannia | 400-405 | 229½-232½ |
| US Eagle | 400-405 | 229½-232½ |
| Angel | 400-405 | 229½-232½ |
| Krugerrand | 387-390 | 222-224 |
| New Sov. | 91½-92½ | 52½-53¼ |
| Old Sov. | 91½-92½ | 52½-53¼ |
| Noble Plat | 531.10-540.00 | 303.75-308.85 |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 332.90 | 581.25 |
| 3 months | 343.45 | 594.75 |
| 6 months | 353.60 | 608.75 |
| 12 months | 373.85 | 637.85 |

### CRUDE OIL $/barrel

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 16.17 | 16.10 | 16.31 16.00 |
| Apr | 15.78 | 15.65 | 15.93 15.68 |
| IPE Index | 16.13 | 15.85 | |

Turnover: 6140 (3441)

### GAS OIL $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Feb | 145.75 | 146.00 | 147.25 145.50 |
| Mar | 143.25 | 142.25 | 144.25 142.00 |
| Apr | 140.25 | 139.50 | 141.75 139.75 |
| May | 137.50 | 136.50 | 138.50 137.50 |
| Jun | 134.50 | 134.50 | 136.50 134.50 |
| Jul | 136.50 | 135.75 | 136.50 136.00 |

Turnover 8425 (6048) lots of 100 tonnes

## US MARKETS

THE MEATS closed firm across the board on continued fears over disruption caused by severe cold weather in the mid-west U.S., reports Drexel Burnham Lambert. Although there were counterbalancing influences, such as the anticipation of increased supply after the cold weather eases, most traders preferred the long side. Retail demand was lower on all the meats, but cattle featured position-squaring ahead of next week's USDA inventory report. The grains were lacklustre, finishing slightly higher on short-covering in markets devoid of significant fundamental news. The precious metals came under pressure from fund and commission house selling, but found support from the trade which prompted a small short-covering rally towards the close. Copper continued weak with commission house selling and long-liquidation. The energy complex eased with commission house and trade selling, but losses were pared by local buying and mixed short-covering. Coffee was mixed with pre-weekend position-squaring, cocoa was quiet but firm on light trade

## New York

### GOLD 100 troy oz.; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 393.1 | 392.3 | 393.4 | 388.6 |
| Mar | 394.5 | 394.1 | 0 | 0 |
| Apr | 396.3 | 395.9 | 397.2 | 392.2 |
| Jun | 401.5 | 401.1 | 402.3 | 397.0 |
| Aug | 407.0 | 406.6 | 406.8 | 403.5 |
| Oct | 412.5 | 412.1 | 412.0 | 411.5 |
| Dec | 418.0 | 417.6 | 417.2 | 413.8 |
| Feb | 393.1 | 392.3 | 393.4 | 388.8 |
| Apr | 429.2 | 428.8 | 428.0 | 428.0 |

### PLATINUM 50 troy oz; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 522.2 | 520.0 | 0 | 0 |
| Mar | 522.7 | 521.5 | 0 | 0 |
| Apr | 523.2 | 523.0 | 527.5 | 516.5 |
| Jul | 521.9 | 522.0 | 526.0 | 518.0 |
| Oct | 521.9 | 522.0 | 523.5 | 521.5 |
| Jan | 522.9 | 523.0 | 0 | 0 |
| Apr | 525.9 | 526.0 | 0 | 0 |

### SILVER 5,000 troy oz; cents/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 583.5 | 582.3 | 0 | 0 |
| Mar | 587.5 | 586.3 | 590.0 | 580.5 |
| Apr | 592.5 | 591.3 | 0 | 0 |
| May | 597.6 | 596.3 | 599.5 | 591.0 |
| Jul | 608.0 | 606.7 | 609.0 | 601.0 |
| Sep | 618.2 | 616.9 | 619.0 | 613.0 |
| Dec | 633.0 | 631.7 | 634.0 | 627.0 |
| Jan | 637.0 | 635.7 | 0 | 0 |
| Mar | 647.9 | 646.6 | 649.0 | 648.9 |
| May | 658.2 | 657.0 | 0 | 0 |

### COPPER 25,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 134.00 | 135.35 | 134.00 | 134.00 |
| Mar | 132.35 | 134.85 | 136.00 | 132.00 |
| Apr | 128.15 | 130.60 | 0 | 0 |
| May | 124.00 | 126.20 | 126.80 | 123.50 |
| Jul | 118.00 | 120.50 | 121.00 | 117.60 |
| Sep | 115.00 | 117.00 | 116.75 | 115.00 |
| Dec | 112.50 | 114.00 | 114.00 | 113.00 |

### CRUDE OIL (Light) 42,000 US galls $/barrel

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 17.63 | 17.73 | 17.90 | 17.63 |
| Apr | 17.18 | 17.37 | 17.47 | 17.08 |
| May | 16.94 | 17.14 | 17.19 | 16.80 |
| Jun | 16.71 | 16.90 | 16.98 | 16.60 |
| Jul | 16.50 | 16.72 | 16.73 | 16.45 |
| Aug | 16.32 | 16.56 | 16.58 | 16.30 |
| Sep | 16.30 | 16.46 | 16.40 | 16.25 |
| Oct | 16.20 | 16.41 | 16.40 | 16.20 |
| Nov | 16.25 | 16.37 | 16.38 | 16.25 |
| Dec | 16.20 | 16.34 | 16.35 | 16.20 |

### HEATING OIL 42,000 US galls; cents/US galls

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 5040 | 5055 | 5105 | 5005 |
| Apr | 4825 | 4853 | 4860 | 4800 |
| May | 4605 | 4622 | 4660 | 4575 |
| Jun | 4480 | 4495 | 4520 | 4465 |
| Jul | 4445 | 4445 | 4485 | 4430 |
| Aug | 4495 | 4500 | 4495 | 4485 |
| Sep | 4535 | 4555 | 4570 | 4530 |

### COCOA 10 tonnes;$/tonnes

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 1507 | 1496 | 1511 | 1485 |
| May | 1438 | 1425 | 1444 | 1421 |
| Jul | 1400 | 1389 | 1403 | 1385 |
| Sep | 1395 | 1375 | 1386 | 1382 |
| Dec | 1373 | 1362 | 1378 | 1365 |
| Mar | 1373 | 1364 | 1366 | 1366 |

### COFFEE "C" 37,500lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 134.61 | 133.98 | 134.70 | 133.30 |
| May | 130.24 | 130.03 | 130.50 | 129.40 |
| Jul | 128.11 | 128.16 | 128.50 | 127.25 |
| Sep | 126.53 | 126.00 | 126.75 | 125.56 |
| Dec | 124.40 | 123.80 | 125.25 | 124.00 |
| Mar | 122.25 | 123.50 | 0 | 0 |
| May | 119.45 | 120.70 | 0 | 0 |
| Jul | 118.75 | 120.00 | 0 | 0 |

### SUGAR WORLD "11" 112,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 10.10 | 10.28 | 10.22 | 9.88 |
| May | 10.23 | 10.30 | 10.24 | 10.00 |
| Jul | 10.19 | 10.27 | 10.20 | 9.99 |
| Oct | 10.09 | 10.18 | 10.10 | 9.90 |
| Jan | 9.64 | 9.73 | 0 | 0 |
| Mar | 9.90 | 9.99 | 9.90 | 9.79 |
| May | 9.85 | 9.88 | 9.85 | 9.85 |

### COTTON 50,000; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 58.99 | 59.37 | 59.50 | 58.55 |
| May | 59.38 | 59.67 | 59.85 | 58.93 |
| Jul | 59.10 | 59.70 | 59.85 | 59.09 |
| Oct | 58.40 | 58.65 | 58.40 | 58.00 |
| Dec | 58.20 | 58.35 | 58.42 | 57.90 |

### ORANGE JUICE 15,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 139.65 | 138.50 | 140.00 | 137.25 |
| May | 138.15 | 137.25 | 138.35 | 136.25 |
| Jul | 138.00 | 137.10 | 138.25 | 136.25 |
| Sep | 137.40 | 137.05 | 137.80 | 136.75 |
| Nov | 133.10 | 133.40 | 133.00 | 133.00 |
| Jan | 132.50 | 132.00 | 132.00 | 132.06 |
| Mar | 131.50 | 131.45 | 0 | 0 |
| May | 131.50 | 131.45 | 0 | 0 |
| Jul | 131.50 | 131.45 | 0 | 0 |

### INDICES

REUTERS (Base: September 18 1931 = 100)

| Feb 2 | Feb 1 | mnth ago | yr ago |
|---|---|---|---|
| 1966.5 | 1977.8 | 1987.5 | 1733.6 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | | | | |
|---|---|---|---|---|
| Spot | 136.89 | 137.20 | 142.89 | 129.46 |
| Futures | 139.91 | 140.48 | 145.96 | 138.15 |

## Chicago

### SOYABEANS 5,000 bu min; cents/60lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 770/4 | 764/2 | 771/0 | 761/6 |
| May | 780/4 | 774/0 | 781/0 | 772/2 |
| Jul | 786/0 | 779/4 | 787/0 | 778/4 |
| Aug | 781/4 | 776/4 | 781/4 | 774/0 |
| Sep | 756/0 | 748/4 | 756/4 | 748/4 |
| Nov | 738/6 | 728/6 | 739/0 | 727/0 |
| Jan | 746/2 | 736/0 | 746/4 | 735/0 |
| Mar | 752/0 | 742/0 | 752/0 | 752/0 |

### SOYABEAN OIL 60,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 22.15 | 22.06 | 22.20 | 21.70 |
| May | 22.67 | 22.59 | 22.70 | 22.25 |
| Jul | 23.19 | 23.11 | 23.20 | 22.77 |
| Aug | 23.30 | 23.25 | 23.30 | 22.95 |
| Sep | 23.50 | 23.45 | 23.50 | 23.15 |
| Oct | 23.60 | 23.57 | 23.60 | 23.20 |

### SOYABEAN MEAL 100 tons; $/ton

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 246.5 | 245.7 | 247.8 | 245.5 |
| May | 244.7 | 244.0 | 245.5 | 243.7 |
| Jul | 242.3 | 241.9 | 243.4 | 241.5 |
| Aug | 238.7 | 238.7 | 241.0 | 238.0 |
| Sep | 235.5 | 235.0 | 235.5 | 232.5 |
| Oct | 227.3 | 226.0 | 227.5 | 225.0 |
| Dec | 225.0 | 222.2 | 225.0 | 223.0 |
| Jan | 224.0 | 222.5 | 224.0 | 223.0 |

### MAIZE 5,000 bu min; cents/56lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 271/6 | 273/0 | 273/2 | 271/2 |
| May | 278/0 | 278/6 | 279/4 | 277/4 |
| Jul | 281/2 | 282/2 | 283/0 | 281/0 |
| Sep | 276/0 | 275/6 | 277/4 | 275/0 |
| Dec | 275/6 | 274/0 | 276/2 | 273/2 |
| Mar | 281/4 | 280/0 | 281/4 | 279/2 |
| May | 283/4 | 282/2 | 284/4 | 283/0 |

### WHEAT 5,000 bu min; cents/60lb-bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 430/2 | 427/2 | 433/2 | 426/4 |
| May | 427/0 | 425/4 | 430/2 | 425/2 |
| Jul | 409/6 | 407/6 | 412/0 | 408/6 |
| Sep | 415/4 | 413/0 | 416/4 | 413/0 |
| Dec | 425/2 | 423/2 | 426/4 | 423/4 |
| Mar | 427/4 | 426/6 | 428/0 | 427/0 |

### LIVE CATTLE 40,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 75.55 | 75.07 | 75.80 | 75.05 |
| Apr | 76.65 | 76.02 | 76.90 | 76.05 |
| Jun | 75.45 | 75.12 | 75.50 | 74.92 |
| Aug | 73.27 | 73.05 | 73.35 | 72.80 |
| Sep | 72.50 | 72.25 | 72.60 | 72.50 |
| Oct | 72.26 | 72.07 | 72.30 | 71.85 |
| Dec | 73.35 | 73.15 | 73.50 | 73.00 |

### LIVE HOGS 30,000 lb; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 44.02 | 43.40 | 44.07 | 43.60 |
| Apr | 43.32 | 42.95 | 43.45 | 43.05 |
| Jun | 48.30 | 47.80 | 48.37 | 47.77 |
| Jul | 48.45 | 48.17 | 48.50 | 47.95 |
| Aug | 47.70 | 47.32 | 47.82 | 47.20 |
| Oct | 44.45 | 44.00 | 44.50 | 44.00 |
| Dec | 45.80 | 45.75 | 45.95 | 45.75 |
| Feb | 46.70 | 46.70 | 0 | 0 |

### PORK BELLIES 40,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 40.82 | 39.70 | 40.90 | 39.70 |
| Mar | 41.00 | 40.05 | 41.15 | 39.87 |
| May | 42.15 | 41.38 | 42.35 | 41.27 |
| Jul | 43.25 | 42.32 | 43.30 | 42.35 |
| Aug | 42.87 | 41.62 | 43.00 | 42.00 |
| Feb | 56.40 | 54.60 | 56.40 | 54.00 |
| Mar | 52.25 | 52.00 | 52.25 | 0 |

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar up despite intervention

ANOTHER SIGN of the strength of the US economy, provided by the January employment data, pushed the dollar sharply firmer yesterday and prompted renewed intervention by central banks to try and contain the rise.

US non-farm payrolls rose by 408,000 in January, substantially above expectations of a 255,000 increase. The dollar quickly moved to a high of DM1.8875 against the D-Mark, but the US Federal Reserve was already selling dollars at DM1.8780 and DM1.8810. This was quickly followed by dollar sales from six European central banks. Once again, intervention by the Bank of Japan was conspicuous by its absence.

Other central banks to intervene included the West German Bundesbank and the central banks of Switzerland, Austria, Belgium, Italy and France.

The dollar was boosted by the prospect of higher US interest rates. The rise in the employment number suggests that the US economy is still performing strongly. Consequently, the Fed may need to push rates higher, thereby tightening monetary policy and bearing down on inflation.

A second round of intervention by the Fed failed to have much effect. However activity started to wind down towards the weekend, and with the expected absence of any communique after the Group of Seven meeting, investors were unwilling to extend their positions too far.

The dollar closed at DM1.8785, its best level since last September and up from DM1.8695 on Thursday. It was also firmer against the yen at Y129.60 from Y129.15. Elsewhere, it closed at SFr1.5960 from SFr1.5860 and FFr6.3925 compared with FFr6.3575. On Bank of England figures, the dollar's exchange rate index rose from 67.5 to 67.8.

A 4.1 per cent rise in US December factory orders also provided underlying support. Most analysts had been looking for an increase of around 3.5 per cent.

Early trading in New York saw the dollar edge up towards the DM1.88 level, but traders were becoming increasingly wary of further central bank intervention so close to the weekend.

Sterling lost ground to the stronger dollar but showed very little change against European currencies. Its exchange rate index fell to 97.8 from 98.0 at the opening and the close on Thursday. The pound closed at $1.7415 from $1.7510, but was unchanged against the D-Mark and French franc at DM3.2725 and FFr11.1325 respectively. Elsewhere, it finished at Y225.75 from Y226.25 and SFr2.7800 compared with SFr2.7775.

### £ IN NEW YORK

| Feb.3 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.7415-1.7420 | 1.7535-1.7545 |
| 1 month | 0.50-0.49pm | 0.59-0.58pm |
| 3 months | 1.49-1.47pm | 1.58-1.55pm |
| 12 months | 4.15-4.05pm | 4.29-4.21pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Feb.3 | Previous |
|---|---|---|
| 8.30 am | 98.0 | 97.9 |
| 9.00 am | 97.9 | 97.8 |
| 10.00 am | 97.9 | 97.9 |
| 11.00 am | 98.0 | 97.9 |
| Noon | 98.0 | 98.0 |
| 1.00 pm | 97.9 | 98.0 |
| 2.00 pm | 97.9 | 98.0 |
| 3.00 pm | 97.8 | 97.9 |
| 4.00 pm | 97.8 | 98.0 |

### CURRENCY RATES

| Feb.3 | Bank rate % | Special* Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | - | 0.747600 | 0.636456 |
| U.S Dollar | 6.50 | 1.30830 | 1.11062 |
| Canadian $ | 11.54 | 1.55452 | 1.32441 |
| Austrian Sch. | 4 | 17.1989 | 14.6823 |
| Belgian Franc | 7.75 | 51.3246 | 43.7416 |
| Danish Krone | 7½ | 9.49695 | 8.10916 |
| Deutsche Mark | 4 | 2.44783 | 2.08807 |
| Neth. Guilder | 5.00 | 2.76578 | 2.35772 |
| French Franc | 9½ | 8.34172 | 7.10183 |
| Italian Lira | 12½ | 1792.14 | 1523.87 |
| Japanese Yen | 2½ | 169.948 | 143.625 |
| Norway Krone | 8 | 8.83495 | 7.53986 |
| Spanish Peseta | - | 156.228 | 130.396 |
| Swedish Krona | 8½ | 8.29597 | 7.07462 |
| Swiss Franc | 4 | 2.08020 | 1.77365 |
| Greek Drach. | 20½ | N/A | 173.345 |
| Irish Punt | - | 0.916808 | 0.781628 |

*All SDR rates are for Feb.2

### CURRENCY MOVEMENTS

| Feb.3 | Bank of England Index | Morgan** Guaranty Changes % |
|---|---|---|
| Sterling | 97.8 | -14.1 |
| U.S Dollar | 67.8 | -11.0 |
| Canadian Dollar | 102.8 | -0.5 |
| Austrian Schilling | 106.2 | +9.4 |
| Belgian Franc | 105.3 | -6.6 |
| Danish Krone | 102.7 | -2.2 |
| Deutsche Mark | 111.9 | +19.9 |
| Swiss Franc | 107.9 | +17.7 |
| Guilder | 109.4 | +12.5 |
| French Franc | 98.3 | -16.1 |
| Lira | 97.4 | -20.1 |
| Yen | 149.9 | +81.9 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Feb.2.

### OTHER CURRENCIES

| Feb.3 | £ | $ |
|---|---|---|
| Argentina | 30.3980 - 30.5550 | 17.4600 - 17.5300 |
| Australia | 1.9795 - 1.9820 | 1.1365 - 1.1375 |
| Brazil | 1.7330 - 1.7430 | 0.9950 - 1.0000 |
| Finland | 7.5245 - 7.5465 | 4.3180 - 4.3200 |
| Greece | 269.60 - 273.95 | 154.55 - 157.05 |
| Hong Kong | 13.5795 - 13.5940 | 7.7990 - 7.8010 |
| Iran | 123.80 | 69.70 |
| Korea(Sth) | 1182.35 - 1191.85 | 677.30 - 682.90 |
| Kuwait | 0.50145 - 0.50260 | 0.28810 - 0.28825 |

### POUND SPOT- FORWARD AGAINST THE POUND

| Feb.3 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.7405 - 1.7465 | 1.7410 - 1.7420 | 0.49-0.46cpm | 3.27 | 1.42-1.37pm | 3.20 |
| Canada | 2.0616 - 2.0808 | 2.0625 - 2.0645 | 0.29-0.23cpm | 1.58 | 0.55-0.46pm | 1.10 |
| Netherlands | 3.69 - 3.71 | 3.69 - 3.70 | 1⅞-1¾cpm | 5.89 | 5⅝-5⅜pm | 6.02 |
| Belgium | 68.45 - 68.85 | 68.65 - 68.75 | 31-26cpm | 4.98 | 88-78pm | 4.83 |
| Denmark | 12.70¼ - 12.74 | 12.71¼ - 12.72¼ | 5-4½orepm | 4.45 | 14¼-13⅞pm | 4.60 |
| Ireland | 1.2240 - 1.2315 | 1.2265 - 1.2275 | 0.52-0.47cpm | 4.92 | 1.45-1.35pm | 4.57 |
| W. Germany | 3.27 - 3.28¼ | 3.27 - 3.27¼ | 1⅝-1½pfpm | 5.73 | 5¼-5⅛pm | 6.34 |
| Portugal | 266.15 - 269.65 | 266.35 - 267.35 | 45-7cpm | 1.35 | 95-5pm | 0.97 |
| Spain | 203.95 - 206.15 | 204.35 - 204.65 | 20-5cpm | 2.45 | 34-10pm | 1.45 |
| Italy | 2388½ - 2397 | 2388½ - 2389½ | 2-1lirepm | 1.02 | 5-2pm | 0.86 |
| Norway | 11.80 - 11.84½ | 11.81¼ - 11.82¼ | 1⅞-1⅛orepm | 1.59 | 5¼-4½pm | 1.63 |
| France | 11.12½ - 11.17¼ | 11.12¾ - 11.13¾ | 3½-3¼cpm | 3.64 | 10½-10¼pm | 3.71 |
| Sweden | 11.09 - 11.12½ | 11.09¼ - 11.10¼ | 2-1⅝orepm | 1.96 | 6¼-5⅝pm | 2.14 |
| Japan | 225¼ - 226½ | 225¼ - 226¼ | 1⅝-1½ypm | 8.40 | 4⅞-4¾pm | 8.10 |
| Austria | 22.95 - 23.05 | 22.99 - 23.02 | 11⅞-11groipm | 6.34 | 36¼-33½pm | 6.01 |
| Switzerland | 2.77½ - 2.79 | 2.77¼ - 2.78½ | 1⅝-1½cpm | 6.75 | 4⅝-4½pm | 6.85 |

Belgian rate is convertible francs. Financial franc 68.90-69.00. Six-month forward dollar 2.47-2.42cpm 12 months 3.92-3.82cpm

### DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

| Feb.3 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.7405 - 1.7465 | 1.7410 - 1.7420 | 0.49-0.46cpm | 3.27 | 1.42-1.37pm | 3.20 |
| Ireland† | 1.4160 - 1.4260 | 1.4250 - 1.4260 | 0.32-0.37cdis | -2.91 | 0.73-0.83dis | -2.19 |
| Canada | 1.1840 - 1.1940 | 1.1840 - 1.1850 | 0.15-0.20cdis | -1.76 | 0.55-0.62dis | -1.96 |
| Netherlands | 2.1115 - 2.1385 | 2.1220 - 2.1230 | 0.45-0.42cpm | 2.46 | 1.47-1.43pm | 1.79 |
| Belgium | 39.34 - 39.64 | 39.40 - 39.50 | 6.50-4.50cpm | 1.68 | 17.00-13.00pm | 1.52 |
| Denmark | 7.26¼ - 7.32¼ | 7.30¼ - 7.30¾ | 0.85-0.55orepm | 1.15 | 2.25-1.95pm | 1.15 |
| W. Germany | 1.8690 - 1.8875 | 1.8780 - 1.8790 | 0.46-0.43pfpm | 2.84 | 1.46-1.42pm | 3.06 |
| Portugal | 153½ - 154¼ | 153½ - 154 | 18-38cdis | -2.18 | 75-125dis | -2.59 |
| Spain | 116.90 - 118.04 | 117.10 - 117.30 | 28-35cdis | -2.81 | 70-105dis | -2.98 |
| Italy | 1367 - 1376 | 1371¼ - 1372¼ | 0.26-0.35lireldis | -2.58 | 0.85-0.95dis | -2.62 |
| Norway | 6.75½ - 6.79½ | 6.75½ - 6.76 | 0.85-1.10oredis | -1.73 | 2.75-3.05dis | -1.71 |
| France | 6.37 - 6.41½ | 6.39 - 6.39½ | 0.22-0.15cpm | 0.35 | 0.65-0.50pm | 0.36 |
| Sweden | 6.34½ - 6.38¼ | 6.37 - 6.37½ | 0.65-0.80oredis | -1.37 | 1.80-2.10dis | -1.22 |
| Japan | 128.90 - 129.80 | 129.55 - 129.65 | 0.50-0.49ypm | 4.55 | 1.51-1.48pm | 4.62 |
| Austria | 13.17½ - 13.25½ | 13.20¾ - 13.21¼ | 2.95-2.45gropm | 2.45 | 9.60-8.10pm | 2.68 |
| Switzerland | 1.5905 - 1.5970 | 1.5955 - 1.5965 | 0.45-0.42cpm | 3.27 | 1.38-1.34pm | 3.41 |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.55-39.65.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu Feb.3 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 43.7416 | +2.98 | +0.82 | ±1.5344 |
| Danish Krone | 7.85212 | 8.10916 | +3.17 | +1.06 | ±1.5404 |
| German D-Mark | 2.05853 | 2.08807 | +1.41 | -0.70 | ±1.0981 |
| French Franc | 6.90403 | 7.10183 | +2.79 | +0.68 | ±1.3674 |
| Dutch Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Irish Punt | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italian Lira | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### EURO-CURRENCY INTEREST RATES

### EXCHANGE CROSS RATES

### FORWARD RATES AGAINST STERLING

| | Spot | 1 mth | 3 mths | 6 mths | 12 mths |
|---|---|---|---|---|---|
| US Dollar | 1.7410 | 1.7363 | 1.7270 | 1.7165 | 1.7023 |
| D-mark | 3.2745 | 3.2578 | 3.2400 | 3.1802 | 3.1053 |
| French Fr. | 11.134 | 11.099 | 11.064 | 10.951 | 10.819 |
| Swiss Fr. | 2.7808 | 2.7649 | 2.7489 | 2.6932 | 2.6212 |
| Yen | 225.70 | 224.20 | 222.75 | 217.37 | 210.64 |

## MONEY MARKETS

# No real reaction

UK interest rates showed little reaction yesterday to strong US economic data and a weaker pound. The key three-month interbank rate was quoted at 13-12⅞ per cent against 13⅛-12⁵⁄₁₆ per cent on Thursday, while the one-year rate was unchanged at 12¾-12⅝ per cent.

Weekend money opened at 12¾-12⅝ per cent and eased to 12¼ per cent before coming back to finish at 15 per cent.

The Bank of England forecast a shortage of around £500m. Factors affecting the market included repayment of late assistance and bills maturing in official hands, together with a take up of Treasury bills draining £316m. There was also a rise in the note circulation of £345m, and banks brought forward balances £35m below target.

The forecast was revised to a shortage of around £550m, and the Bank gave assistance in the morning of £45m through outright purchases of eligible bank bills in band 3 at 12⁵⁄₁₆ per cent.

A further revision took the forecast to a shortage of around £650m, and the Bank gave additional help in the afternoon of £253m, comprising outright purchases of £131m of eligible bank bills in band 1, £80m in band 2, £39m in band 3 and £3m in band 4, all at unchanged rates. Late help came to £110m, making a total of £408m.

### FT LONDON INTERBANK FIXING

### MONEY RATES

### LONDON MONEY RATES

## LONDON TRADED OPTIONS

BRITISH GAS took the traded options market by storm yesterday, against a background of market restructuring talk. Dealings in the option on the stock totalled 17,138 contracts on a preliminary count, more than one quarter of the overall business in the market.

Behind the business lay several unusually heavy trades ranging, dealers said, up to 5,000 contracts in the March 160 calls alone. The underlying share price in the stock rose 1½p on the day to 184½p. Fine calculations occured business, with combination dealings apparently a major factor, including the selling of stock against the purchase of calls. Put business, even so, outweighed call, totalling 8,957 contracts, against 8,181.

There was an overall cut in the open interest on both the call and put sides of the stock, the call down 2,712 to 21,868 on the preliminary count, and the put down 4,863 to 16,532. There was cutting of open interest across a number of put series, including particularly the March 160s and the March and June 180s. On the call side, there was closing of interest of over 4,000 in the March 160s, but opening of interest in other series, including particularly the June 200s, in which a gain of 803 to 1,171 was seen.

Overall turnover came to 64,056 contracts, lying in 41,818 calls and 22,238 puts, the total achieving a level of more than double the mid-summer average.

Trading in the FT-SE 100 index options amounted to 8,507 contracts, consisting of 4,864 calls and 3,643 puts, as the index itself gained 28.5 points on balance to 2,069.9. The US employment figures, which were higher than the market had expected, caused some wavering.

GEC attracted 2,977 contracts, mostly call, and Jaguar figured prominently in dealings, with 2,165 contracts in it, including 1,331 calls. Beecham caught the eye on 2,053 contracts, of which 1,280 were call.

### LONDON (LIFFE)

### CHICAGO

**FT GUIDE TO WORLD CURRENCIES**
Every Tuesday in the FT





**IN THE HIGH COURT OF JUSTICE**
**CHANCERY DIVISION**
**No 006770 of 1988**
**IN THE MATTER OF BLEASDALE COMPUTER SYSTEMS plc**
**and**
**IN THE MATTER OF THE COMPANIES ACT 1985**

*NOTICE IS HEREBY GIVEN* that a Petition was on 22nd November 1988 presented to Her Majesty's High Court of Justice for the confirmation of the reduction as the Share Premium Account of the above named company be £431,185.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Millett at the Royal Courts of Justice Strand, London WC2A 2LL on Monday 13th day of February 1989.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned Solicitors on payment of the regulated charge for the same.

Dated this 2nd day of February 1989
Norton Rose
Kempson House
Camomile Street
London EC3A 7AN
Ref: JEXM/63/L172783

# WORLD STOCK MARKETS

NEW YORK (3 pm)

AUSTRIA

FRANCE (continued)

GERMANY (continued)

ITALY (continued)

SWEDEN

BELGIUM/LUXEMBOURG

NETHERLANDS

SWITZERLAND

DENMARK

NORWAY

CANADA (3 pm)

FINLAND

ITALY

SPAIN

SOUTH AFRICA

FRANCE

GERMANY

JAPAN

AUSTRALIA (continued)

HONG KONG

AUSTRALIA

SINGAPORE

## INDICES

### NEW YORK — DOW JONES

| | Feb 2 | Feb 1 | Jan 31 | Jan 30 | 1988/89 High | 1988/89 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 2333.75 | 2338.21 | 2342.32 | 2324.11 | 2342.32 (31/1/89) | 1879.14 (20/1/88) | 2722.42 (25/8/87) | 41.22 (2/7/32) |
| Home Bonds | 89.49 | 89.49 | 89.34 | 89.40 | 91.25 (3/3/88) | 86.12 (4/1/88) | – | – |
| Transport | 1076.85 | 1070.69 | 1071.50 | 1054.31 | 1076.85 (2/2/89) | 737.57 (21/1/88) | 1101.16 (14/8/87) | 12.32 (8/7/32) |
| Utilities | 189.96 | 189.54 | 190.97 | 190.73 | 191.15 (24/1/89) | 167.26 (20/4/88) | 227.83 (22/1/87) | 10.50 (8/4/32) |

♦Day's High 2352.86 (2355.00) Low 2319.64 (2319.29)

| STANDARD AND POOR'S | Feb 2 | Feb 1 | Jan 31 | Jan 30 | 1988/89 High | 1988/89 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 296.84 | 297.09 | 297.47 | 294.99 | 297.47 (31/1/89) | 242.63 (20/1/88) | 336.77 (25/8/87) | 4.40 (1/6/32) |
| Industrial | 343.62 | 343.87 | 344.20 | 340.96 | 344.20 (31/1/89) | 277.86 (20/1/88) | 393.17 (25/8/87) | 3.62 (21/6/32) |
| Financial | 26.67 | 26.68 | 26.71 | 26.59 | 26.71 (31/1/89) | 21.51 (8/1/88) | 32.43 (25/8/87) | 8.64 (1/10/74) |
| NYSE Composite | 166.35 | 166.47 | 166.63 | 165.36 | 166.63 (31/1/89) | 136.72 (20/1/88) | 187.99 (25/8/87) | 4.46 (25/4/42) |
| Amex Mkt. Value | 324.52 | 323.24 | 323.02 | 321.88 | 324.52 (2/2/89) | 262.76 (12/1/88) | 365.01 (13/8/87) | 29.31 (9/12/72) |
| NASDAQ OTC Comp | 405.16 | 403.23 | 401.30 | 399.22 | 405.16 (2/2/89) | 331.97 (12/1/88) | 455.28 (26/8/87) | 54.87 (31/10/72) |

| | Jan 27 | Jan 20 | Jan 13 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 3.46 | 3.59 | 3.60 | 3.53 |
| | Feb 1 | Jan 25 | Jan 18 | year ago (approx.) |
| S & P Industrial div. yield | 3.05 | 3.12 | 3.13 | 3.15 |
| S & P Indl. P/E ratio | 13.79 | 13.40 | 13.30 | 15.96 |

TRADING ACTIVITY † Volume

| Millions | Feb 2 | Feb 1 | Jan 31 |
|---|---|---|---|
| New York | 183 430 | 215.640 | 194.050 |
| Amex | 17.370 | 12.820 | 12.230 |
| OTC | 163.793 | 152.894 | 137.047 |

| NEW YORK | Feb 2 | Feb 1 | Jan 31 |
|---|---|---|---|
| Issues Traded | 1,949 | 1,959 | 1,967 |
| Rises | 755 | 731 | 956 |
| Falls | 648 | 703 | 533 |
| Unchanged | 546 | 525 | 478 |
| New Highs | 93 | 127 | 110 |
| New Lows | 6 | 12 | 14 |

### CANADA

| TORONTO | Feb 2 | Feb 1 | Jan 31 | Jan 30 | 1988/89 High | 1988/89 Low |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3550.7 | 3558.1 | 3539.2 | 3505.2 | 3558.1 (1/2/89) | 2238.7 (8/2/88) |
| Composite | 3653.5 | 3640.6 | 3616.6 | 3612.2 | 3653.5 (2/2/89) | 2977.9 (8/2/88) |
| MONTREAL Portfolio | 1828.98 | 1826.13 | 1813.19 | 1803.41 | 1828.98 (2/2/89) | 1305.06 (27/1/88) |

### NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Pan Am | 5,856,100 | 3⅛ | + ⅛ |
| RJR Nabisco | 3,543,600 | 97⅞ | – ⅝ |
| Varity | 2,500,300 | 3⅛ | + ⅛ |
| CMS Energy | 2,158,400 | 24 | + ½ |
| SmithKline | 1,992,400 | 51⅛ | – 1 |
| Chrysler | 1,984,800 | 28½ | – ⅛ |
| Wisconsin | 1,967,700 | 25⅛ | – ⅛ |
| AT&T | 1,901,400 | 32 | – ⅛ |
| Digital Equipment | 1,794,400 | 121½ | + 1⅛ |
| IBM (xd) | 1,678,900 | 128⅛ | – ⅛ |

Base values of all indices are 100 except NYSE All Common – 50, Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| | Feb. 3 | Feb. 2 | Feb. 1 | Jan. 31 | 1988/89 High | 1988/89 Low |
|---|---|---|---|---|---|---|
| AUSTRALIA | | | | | | |
| All Ordinaries (1/1/80) | 1512.0 | 1510.5 | 1530.8 | 1551.7 | 1657.8 (9/8/88) | 1170.7 (10/2/88) |
| All Mining (1/1/80) | 688.9 | 688.1 | 702.5 | 723.4 | 847.8 (9/8/88) | 532.4 (10/2/88) |
| AUSTRIA | | | | | | |
| Credit Aktien (30/12/84) | 234.10 | 233.50 | 233.80 | 234.40 | 236.20 (25/1/89) | 163.98 (11/2/88) |
| BELGIUM | | | | | | |
| Brussels SE (1/1/84) | 5753.20 | 5762.50 | 5790.50 | 5801.80 | 5801.80 (31/1/89) | 3608.35 (4/1/88) |
| DENMARK | | | | | | |
| Copenhagen SE (3/1/83) | (u) | 287.30 | 287.41 | 285.68 | 289.22 (19/1/89) | 180.68 (4/1/88) |
| FINLAND | | | | | | |
| Unitas General (1975) | 755.4 | 754.4 | 749.9 | 748.2 | 772.1 (8/8/88) | 530.6 (15/1/88) |
| FRANCE | | | | | | |
| CAC General (31/12/82) | 457.1 | 451.7 | 449.0 | 448.7 | 457.1 (3/2/89) | 251.3 (29/1/88) |
| Ind. Tendance (30/12/88) | 108.1 | 107.6 | 107.0 | 105.9 | 108.1 (3/2/89) | 100.0 (1/1/89) |
| GERMANY | | | | | | |
| FAZ Aktien (31/12/58) | 558.9 | 552.00 | 548.96 | 556.15 | 567.51 (5/1/89) | 396.40 (29/1/88) |
| Commerzbank (1/12/53) | 1670.7 | 1650.3 | 1640.2 | 1662.2 | 1705.6 (5/1/89) | 1207.9 (29/1/88) |
| DAX (30/12/87) | 1326.36 | 1319.56 | 1300.52 | 1312.73 | 1371.10 (5/1/89) | 931.18 (28/1/88) |
| HONG KONG | | | | | | |
| Hang Seng Bank (31/7/64) | 3105.96 | 3059.54 | 3060.91 | 3072.86 | 3105.96 (3/2/89) | 2223.56 (8/2/88) |
| ITALY | | | | | | |
| Banca Com. Ital. (1972) | 580.46 | 581.19 | 592.57 | 599.36 | 615.89 (17/1/89) | 423.91 (9/2/88) |
| JAPAN | | | | | | |
| Nikkei (16/5/49) | 31685.78 | 31498.30 | 31360.68 | 31581.3 | 31685.78 (3/2/89) | 21217.04 (4/1/88) |
| Tokyo SE (Topix) (4/1/68) | 2465.62 | 2456.35 | 2445.05 | 2464.83 | 2478.12 (28/1/89) | 1690.44 (4/1/88) |
| NETHERLANDS | | | | | | |
| ANP-CBS General (1970) | 289.2 | 295.6 | 292.7 | 307.4 | 310.1 (30/1/89) | 205.7 (4/1/88) |
| ANP-CBS Industrial (1970) | 269.8 | 267.3 | 264.2 | 271.5 | 271.5 (31/1/89) | 157.9 (11/1/88) |
| NORWAY | | | | | | |
| Oslo SE (4/1/83) | 538.07 | 541.02 | 539.29 | 545.05 | 549.44 (30/1/89) | 327.78 (28/1/88) |
| SINGAPORE | | | | | | |
| Straits Times Ind. (30/12/66) | 1143.43 | 1128.34 | 1137.01 | 1133.32 | 1177.87 (8/8/88) | 833.60 (4/1/88) |
| SOUTH AFRICA | | | | | | |
| JSE Gold (28/9/78) | 1301.0§ | 1306.0 | 1307.0 | 1327.0 | 1451.0 (7/7/88) | 1154.0 (4/5/88) |
| JSE Industrial (28/9/78) | 2148.0§ | 2140.0 | 2124.0 | 2139.0 | 2158.0 (26/1/89) | 1387.0 (12/2/88) |
| SPAIN | | | | | | |
| Madrid SE (30/12/85) | 279.42 | 280.22 | 278.79 | 283.10 | 301.63 (15/6/88) | 225.50 (4/1/88) |
| SWEDEN | | | | | | |
| Jacobson & P. (31/12/56) | 3647.4 | 3646.0 | 3634.4 | 3614.0 | 3647.4 (3/2/89) | 2148.5 (4/1/88) |
| SWITZERLAND | | | | | | |
| Swiss Bank Ind. (31/12/58) | 625.9 | 624.6 | 626.7 | 627.5 | 634.2 (16/1/89) | 466.6 (13/1/88) |
| WORLD | | | | | | |
| M.S. Capital Intl. (1/1/70) | (u) | 509.7 | 508.9 | 511.5 | 512.0 (27/1/89) | 401.0 (21/1/88) |

§Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

## WORLD STOCK MARKETS

AMERICA

# Firm jobs figures have little effect on Dow

## Wall Street

THERE was little reaction in the equity market to a strong set of employment figures in January which intensified speculation that the US Federal Reserve will move to tighten monetary policy another notch, *writes Janet Bush in New York*.

At 1pm, the Dow Jones Industrial Average was quoted little changed from Thursday's close, off 2.86 at 2,330.89. At one stage during the morning session, the Dow had gained nearly 10 points.

Volume slowed markedly from previous sessions this week, with 97m shares changing hands by midsession.

There were many important events yesterday but they appeared simply to encourage caution in the stock market, which has started to consolidate on its recent sharp rally, with drops of about 4 points on both Wednesday and Thursday.

The key event was the publication of employment figures for January which showed a huge 408,000 rise in the non-farm payroll – above even the highest expectations. Although some of this rise was due to the fact that unusually mild weather this winter had meant fewer seasonal lay-offs, the release still prompted speculation that the Fed will push short-term interest rates higher.

US factory orders were also released and showed a strong rise of 4.1 per cent in December. A picture has emerged of strong, if not accelerating, economic growth at the end of last year which appears to have continued into January.

The dollar surged to highs of DM1.8872 and Y129.80 before coming up against concerted central bank intervention. The surge in the dollar on expectations that the Fed may tighten its policy even before next week's Federal Open Market Committee meeting came at a particularly sensitive time, with officials of the Group of Seven leading industrial nations meeting in Washington.

The equity market did not appear to react directly to any of the events but continued to settle down to a narrower trading range, which had been expected given its substantial advance in recent weeks.

Among featured stocks was Delta Air Lines which added $1¼ to $58⅝ on speculation that the company could be a candidate for a leveraged buy-out. One broker set its buy-out value at $89.33 a share.

Bally Manufacturing added $1 to $23¾ after a report that a group headed by investor Mr Arthur Goldberg had a stake of 4 per cent to 4.5 per cent.

Shaklee rose $1¼ to $32 after news that the company had agreed to sell its 78 per cent stake in a Japanese subsidiary for $350m. It had already risen $4 on Thursday.

Cullinet Software dropped $⅝ to $6 after the company said it expected to report a loss in its third quarter ended January 31. Previously, it had said it expected to return to profit.

## Canada

DEMAND for energy issues sent Toronto higher in active trading at midsession, with the composite index up 8.4 at 3,662.0.

Canadian Pacific Forest, which reported higher fourth quarter profit, was unchanged at C$48⅞. Parent company Canadian Pacific topped the most actives list, rising C$⅜ to C$25¼.

EUROPE

# Bid talk and earnings speculation lift prices

TAKEOVER stories, recently the domain of Paris, fuelled Frankfurt for a change, and most bourses finished mixed to higher despite caution about the Group of Seven meeting, *writes Our Markets Staff*.

FRANKFURT witnessed a surge of speculative activity in second-line stocks, while the leading blue chips remained dull. Turnover picked up a little to DM3.68m.

The FAX index rose 6.9 to 558.90 and the DAX ended up 6.80 at 1,326.36, slightly off its high. The market shrugged off the highest dollar fixing since September 30.

Pharmaceutical Schering climbed DM18 to DM630 on takeover talk despite a statement from the company that it knew of no plans for a US bid via Deutsche Bank, as reported in a local newsletter.

Feldmühle Nobel was one of the most active stocks, rising DM10 to DM325. Speculation abounded, with talk of renewed interest from the Flick brothers or from utility Veba, which bought a Feldmühle unit's plastics and chemicals divisions two years ago. Even France's Rhone Poulenc was mentioned, following its plans for an acquisition of under FFr2bn.

Steelmaker Thyssen was the most active stock, rising DM4.80 to DM214 on DM284m worth of shares, while Hoesch climbed DM13.50 to DM236, reportedly helped by covering of a large short position.

Carmaker Porsche accelerated DM37, or 5.4 per cent, to DM717 after a 5.5 per cent rise on Thursday, amid enthusiasm about its earnings and news of a bullish forecast from Baring Securities. VW added DM4 to DM321 amid speculation about good results.

AMSTERDAM chose to ignore the interest rate worries that earlier this week accompanied the rise in the dollar. The CBS tendency index closed 1.6 better at 164.7 in fairly quiet trading, with many investors cautious about the market's high levels and about the Group of Seven meeting.

In the transport sector, second-liner Pakhoed continued its advance, finishing Fl 4.40 higher at Fl 122.40. The stock has been helped by recent buy recommendations and there was talk of interest from the US. KLM reached a 1989 high of Fl 45.90, up Fl 2, also on US buying.

PARIS was taken higher by activity in the communications sector and expectations of good corporate results, although shares came off towards the close as Wall Street opened lower.

The CAC 40 index rose 9.99 to 1,693.25 and the OMF 50 added 2.39 to 473.82. Early trading in leading blue chips was delayed by a backlog of settlement work and some uncertainty was caused by news that official volume figures for Michelin on Tuesday were mistakenly overstated, fuelling speculative demand.

News of the joint venture between Canal Plus and West German publisher Bertelsmann gave the former FFr41 to FFr658 and translated into gains for Havas, which has a 25 per cent stake in Canal Plus. Havas put on FFr45 to FFr770.

Eurotunnel was one of the busiest stocks and jumped FFr6.80, or 8.6 per cent, to FFr85.80 on positive news about the tunnel's progress.

Elf Aquitaine, due to release results on Monday, rose FFr3.50 to FFr428 – having been at FFr426 – on rumours that profits would be sharply higher than originally thought.

ZURICH finished little changed in reduced volumes, with Adia again in the spotlight, although this time because it rose. The temporary employment group's bearer shares added SFr330, or 4.3 per cent, to SFr8,170 after a week of sharp falls. The participation certificates climbed SFr200 to SFr4,100.

The Credit Suisse Stock Index was little changed at 531.4 from 531.7 on Thursday.

MADRID took the expected increase in interest rates largely in its stride, ending slightly lower, with the general index off 0.80 at 279.42.

Tabacalera fell back after its sharp rise on Thursday, losing 26 percentage points to 809 per cent of nominal market value.

STOCKHOLM closed mixed in fairly brisk trading, as buyers hung back before the US unemployment figures. Saab-Scania, the auto and aerospace group, saw its restricted A shares drop SKr6 to SKr216, after falling SKr12 earlier, and free B shares shed SKr2 to SKr204. This followed the news on Thursday that the prototype of its JAS-Gripen warplane had crashed on a training flight.

The Affärsvärlden general index slipped 2 to 1,076.2.

BRUSSELS finished slightly weaker after the second rise in as many days in the three-month treasury bill rate. The market was concerned about the diplomatic crisis with Zaire. Hoboken, which fell BFr500 on Thursday amid fears it could lose a copper refining contract in Zaire, regained BFr200 to BFr13,900.

ACEC, a subsidiary of Société Générale, rose BFr15 to BFr340 on high turnover of 71,800 shares after its recent sharp losses.

MILAN began very weakly, with no buyers in sight, but picked up on bargain-hunting after about an hour. The Comit index finished 0.73 easier at 580.46, a fall of 3.5 per cent on the week, but some stocks rose after hours.

## SOUTH AFRICA

GOLD issues moved erratically over the session in Johannesburg yesterday, and ended mixed with Freegold off 20 cents at R28.70.

ASIA PACIFIC

# Strength of yen encourages buying spree

## Tokyo

ANOTHER strong day for the yen gave investors a welcome opportunity to plunge wholeheartedly into the equity market again and lift share prices to another record high, *writes Michiyo Nakamoto in Tokyo*.

The Nikkei average, which rose 187.48 to 31,685.78, was only one reflection of the exuberance with which investors stepped up their buying. Volume, which reached a moderately robust 1.32bn shares on Thursday, surged to 1.94bn, nearing the 2bn level which the market has not crossed since late October.

The Nikkei's high for the day was just above its close at 31,688.21 while the low was 31,517.25. Gains at 465 only slightly outnumbered declines at 443 while 174 issues were unchanged.

The Topix index of all listed shares increased 9.27 to 2,465.62, while in London, the ISE/Nikkei 50 index advanced 8.88 to 1,981.39.

Interest in specific incentive-backed issues was the main force behind the Toyko market's rise, according to Mr Masami Okuma, chief trader at UBS Phillips and Drew. Although institutional investors, many of whom are thought to have attained their profit goals for the term ending March, were said to be moving cautiously, active buying by individuals and foreigners fuelled some institutional interest.

Strong demand for construction stocks, which have risen considerably on expectations of continued high fiscal investment in developing Japan's infrastructure, spilled over to other domestic demand-related issues on the strength of Prime Minister Takeshita's confirmation to US President Bush that Japan was committed to stimulating the domestic economy.

The yen's strength during the day gave considerable encouragement, but analysts also pointed to an optimistic outlook on the equities market in the near term. A substantial amount of upcoming bond redemptions, strong interest on the part of foreigners and individuals, and a report that certain agricultural co-operatives would be allowed to invest in equities gave credence to growing expectations of a favourable demand and supply balance in the near future.

Increased interest in large capital steels was one factor contributing to stronger volumes. Kobe Steel topped the most actives list with 79.7m shares and gained Y26 to Y780. Kobe Steel was popular for its involvement in the Kobe Leisure World project in the Kansai area, which is attracting interest for its redevelopment projects.

NKK was third most actively traded at 62.9m shares but remained unchanged at Y970, after rising as high as Y981. Sumitomo Metal added Y11 to Y774 in heavy trading.

Constructions continued their strong performance. Taisei, second most actively traded at 63.4m shares, rose Y50 to Y1,450 and Sato Kogyo, which was also favoured for its plans to construct a space park, gained Y150 to Y1,660.

Share prices rose in Osaka supported by interest in construction stocks. The OSE average gained 168.81 to 30,168.43 and volume surged to 208m shares against 127.8m.

## Roundup

IN SPITE of some nervousness about this weekend's Group of Seven meeting, the tone was firm in the main Asia Pacific markets.

HONG KONG produced its third post-crash high this week as local buying overcame substantial institutional selling, sending the Hang Seng index past the 3,100 barrier to close 46.42 points higher at 3,105.96. The new All Ordinaries index rose 29.89 to 1,837.57.

Turnover rose to HK$2.22bn in value after HK$1.82bn on Thursday. Institutions were cautious, however, pending the release of the US employment figures and the meeting of the Group of Seven.

Cheung Kong and Hutchison led the actives again, gaining 40 cents to HK$10.50 and 30 cents to HK$10.90 respectively.

Trading resumes next Thursday, after the Chinese New Year holidays.

AUSTRALIA gave up early gains to end little changed. The All Ordinaries index finished just 2.5 higher at 1,512.1 in quiet turnover of 110m shares worth A$166m.

The downturn was blamed partly on futures-related trade and partly on uncertainty about the US jobs figures and the G-7 meeting.

Renison Goldfields was very active, rising 44 cents to A$7.74 after approval was given to Minorco's takeover bid for Consolidated Gold Fields of the UK. Minorco has said it would sell Gold Fields' 48 per cent stake in Renison.

SINGAPORE ended the Year of the Dragon on a firm note as bargain-hunting fuelled hectic pre-holiday trading. The Straits Times industrial index rose 15.09 to 1,143.43 and turnover swelled to 64.4m shares from Thursday's 49.5m.

The top 12 active stocks were dominated by Malaysian lower-priced counters. Tan Chong led on 3.1m shares, rising 3.5 cents to 84 cents.

## FT-ACTUARIES WORLD INDICES

**Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries**

| NATIONAL AND REGIONAL MARKETS | THURSDAY FEBRUARY 2 1989 | | | | | WEDNESDAY FEBRUARY 1 1989 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1988/89 High | 1988/89 Low | Year ago (approx) |
| Australia (90) | 152.61 | -1.7 | 129.22 | 114.09 | 4.71 | 155.21 | 131.15 | 115.67 | 157.12 | 91.16 | 95.27 |
| Austria (18) | 94.87 | -0.1 | 80.33 | 92.07 | 2.67 | 94.97 | 80.25 | 92.13 | 100.00 | 83.72 | 87.00 |
| Belgium (63) | 134.23 | -0.1 | 113.65 | 130.09 | 3.95 | 134.43 | 113.59 | 130.45 | 139.89 | 99.14 | 110.00 |
| Canada (125) | 135.91 | +0.2 | 115.08 | 116.92 | 3.12 | 135.70 | 114.67 | 116.89 | 135.91 | 107.06 | 108.14 |
| Denmark (39) | 155.75 | +0.2 | 131.87 | 153.95 | 1.97 | 155.51 | 131.41 | 153.34 | 161.60 | 111.42 | 114.75 |
| Finland (26) | 135.45 | +0.7 | 114.68 | 122.52 | 1.43 | 134.54 | 113.68 | 121.61 | 139.83 | 106.78 | 109.34 |
| France (131) | 118.69 | +1.1 | 100.49 | 118.36 | 2.74 | 117.36 | 99.17 | 116.81 | 119.33 | 72.77 | 78.05 |
| West Germany (102) | 84.11 | +1.0 | 71.22 | 81.75 | 2.31 | 83.31 | 70.39 | 80.66 | 90.40 | 67.78 | 70.70 |
| Hong Kong (45) | 127.46 | +0.0 | 107.92 | 127.66 | 3.89 | 127.47 | 107.71 | 127.65 | 127.75 | 84.90 | 87.68 |
| Ireland (17) | 135.85 | +0.9 | 115.02 | 133.86 | 3.83 | 134.69 | 113.81 | 132.67 | 144.25 | 104.60 | 112.21 |
| Italy (98) | 79.57 | -2.3 | 67.37 | 81.17 | 2.49 | 81.42 | 68.81 | 82.90 | 86.88 | 62.99 | 64.74 |
| Japan (456) | 191.98 | +0.8 | 162.55 | 156.72 | 0.48 | 190.41 | 160.90 | 155.98 | 197.43 | 133.61 | 148.79 |
| Malaysia (36) | 154.82 | +0.1 | 131.08 | 162.57 | 2.62 | 154.66 | 130.69 | 162.58 | 155.23 | 107.83 | 113.89 |
| Mexico (13) | 161.81 | +0.8 | 137.00 | 409.20 | 1.25 | 160.51 | 135.63 | 404.85 | 182.24 | 90.07 | 134.70 |
| Netherland (38) | 113.52 | +0.0 | 96.12 | 109.32 | 4.54 | 113.49 | 95.90 | 108.94 | 115.04 | 95.23 | 97.79 |
| New Zealand (24) | 72.61 | +0.4 | 61.48 | 63.57 | 6.19 | 72.28 | 61.08 | 62.98 | 84.05 | 63.32 | 66.89 |
| Norway (26) | 157.00 | -0.2 | 132.93 | 143.89 | 1.89 | 157.28 | 132.90 | 143.99 | 161.54 | 98.55 | 100.09 |
| Singapore (26) | 139.08 | -0.3 | 117.76 | 123.70 | 2.15 | 139.53 | 117.90 | 124.35 | 139.53 | 97.99 | 102.47 |
| South Africa (60) | 124.14 | +1.1 | 105.11 | 106.00 | 4.45 | 122.82 | 103.79 | 105.29 | 139.07 | 98.26 | 118.77 |
| Spain (42) | 144.61 | -0.1 | 122.44 | 129.38 | 3.64 | 144.68 | 122.26 | 128.95 | 164.47 | 130.73 | 134.51 |
| Sweden (35) | 150.22 | +0.0 | 127.19 | 141.10 | 2.14 | 150.17 | 126.89 | 140.66 | 150.22 | 96.92 | 106.35 |
| Switzerland (57) | 75.83 | -0.4 | 64.21 | 74.56 | 2.28 | 76.10 | 64.31 | 74.71 | 86.75 | 74.13 | 78.20 |
| United Kingdom (314) | 148.95 | +0.1 | 126.12 | 126.12 | 4.30 | 148.86 | 125.79 | 125.79 | 149.71 | 120.66 | 128.81 |
| USA (569) | 120.71 | -0.1 | 102.21 | 120.71 | 3.54 | 120.87 | 102.14 | 120.87 | 120.99 | 99.19 | 103.02 |
| Europe (1006) | 118.57 | +0.1 | 100.39 | 108.40 | 3.52 | 118.42 | 100.06 | 108.02 | 119.66 | 97.01 | 99.47 |
| Nordic (126) | 143.93 | +0.1 | 121.87 | 132.48 | 1.98 | 143.76 | 121.48 | 132.02 | 144.52 | 98.11 | 103.97 |
| Pacific Basin (677) | 187.62 | +0.7 | 158.85 | 153.55 | 0.70 | 186.27 | 157.40 | 152.93 | 192.26 | 130.81 | 144.33 |
| Euro-Pacific (1683) | 159.99 | +0.5 | 135.46 | 135.59 | 1.55 | 159.13 | 134.47 | 135.06 | 161.61 | 120.36 | 126.41 |
| North America (694) | 121.53 | -0.1 | 102.90 | 120.51 | 3.51 | 121.67 | 102.81 | 120.65 | 121.75 | 99.78 | 103.29 |
| Europe Ex. UK (692) | 99.83 | +0.2 | 84.53 | 97.44 | 2.85 | 99.65 | 84.21 | 97.02 | 102.91 | 80.27 | 81.31 |
| Pacific Ex. Japan (221) | 135.27 | -0.9 | 114.54 | 113.37 | 4.33 | 136.53 | 115.37 | 114.21 | 137.41 | 87.51 | 90.54 |
| World Ex. US (1881) | 158.80 | +0.5 | 134.46 | 134.81 | 1.62 | 157.96 | 133.48 | 134.30 | 160.23 | 120.26 | 125.71 |
| World Ex. UK (2136) | 143.62 | +0.4 | 121.60 | 130.43 | 1.99 | 143.10 | 120.93 | 130.14 | 143.93 | 111.77 | 115.76 |
| World Ex. So. Af. (2390) | 144.20 | +0.3 | 122.09 | 130.17 | 2.19 | 143.73 | 121.46 | 129.89 | 144.48 | 113.26 | 116.90 |
| World Ex. Japan (1994) | 122.09 | -0.1 | 102.52 | 116.07 | 3.56 | 121.15 | 102.38 | 116.04 | 121.36 | 100.00 | 101.64 |
| The World Index (2450) | 144.08 | +0.3 | 121.99 | 130.01 | 2.20 | 143.60 | 121.35 | 129.72 | 144.36 | 113.37 | 116.92 |

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US $ Index), 114.42 (Pound Sterling) and 123.18 (Local).



Latest prices were unavailable for this edition.

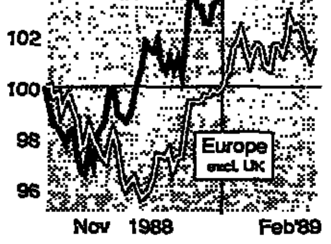
# Corporate match-making keeps Denmark buzzing

**Hilary Barnes** on the effects of merger speculation

THE MERGER mania which enabled Copenhagen's stock market to open 1989 with a bang may have given way to a more subdued atmosphere, but rumours of further mergers and rights issues remain rife.

The small Scandinavian stock market – which put in the third strongest performance of world stock markets last year according to the FT-Actuaries World Indices – is now performing in line with the world, standing 5.3 per cent up on the year. Much of that, however, is down to the new year corporate marriages.

FT~A World Indices in £ terms




The excitement began when Novo and Nordisk Gentofte, the country's two leading pharmaceutical producers, merged to form Novo-Nordisk. Then three companies in the food and beverage industry – sugar refiner De Danske Sukkerfabrikker, spirits and snacks group De Danske Spritfabrikker and food ingredients company Danisco – announced an agreed merger to form a group with turnover of about DKr13bn ($1.8bn). The new company, Danisco, will be one of the three largest industrial groups in Denmark.

Speculation is rampant that more mergers are on the way, on the grounds that the country needs more large groups to meet competition in the internal market. Everbody's favourite guessing game at the moment is which of the larger banks will merge with each other. Perhaps none will, but it is widely agreed that Denmark, with 5m people and about 70 commercial banks and 140 savings banks, is over-banked.

Considerable new issue activity is also predicted for this year after a very quiet period in 1988.

A main impetus for share price gains last year was falling yields in the bond market. A peculiarly Danish tax on yields in pension funds and life assurance funds aided the switch to equities. Pension funds are permitted a yield of inflation plus 3.5 per cent, and anything higher is siphoned off by the Treasury. But the so-called "real interest tax" does not apply to yields from investments in equities, and the stock market's impulse last year therefore came primarily from institutional investors moving from bonds to equities.

As the market does not expect much further easing in bond yields – and perhaps, rather, a renewed rise – that source of interest in equities could level off.

Another factor fuelling the market's upward move last year was improved company profits. The average increase for industrial groups' earnings last year is expected to come in at about 15 per cent – with a higher gain forecast for shipping companies.

Brokers differ on prospects for 1989, but as much of the profits improvement in 1988 seems to have come more from reduced costs than from increased sales and output, some believe the scope for further profit improvement this year is limited.

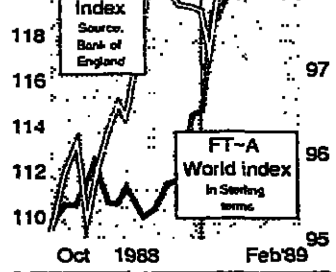
The banks and insurance companies are expected to see improved operating earnings and to make large capital gains from their securities portfolios. However, the profit record for some banks may be dented by big loan loss provisions after a year in which bankruptcies increased by 45 per cent.

There is speculation that both Privatbanken and Copenhagen Handelsbank may have to reduce their dividend, while Danske Bank is thought to have had an excellent year. Privatbanken's preliminary report is due next Thursday and the other two publish later this month.

Several of the year's new issues are expected from the savings banks, which, as a result of legislation passed at the end of last year, are now able to convert themselves into joint stock companies.

Acquisitions are another theme in the market. ISS, the cleaning group, has in recent weeks bought up large companies in Sweden, the US and the UK, where it purchased Mediclean, a hospitals cleaning company. ISS has just raised a large D-Mark loan, sparing shareholders from having to finance the purchases.

The East Asiatic Company is also in an expansive phase,




and is tipped by brokers to make a rights issue this spring.

News of the Novo-Nordisk and Danisco mergers last month pushed the share prices higher of the individual companies involved, but these have since fallen back, largely in line with the market. The Novo-Nordisk merger is seen by almost everyone as making good industrial and commercial sense, but brokers are less confident about the new Danisco.

Novo-Nordisk is expected to produce strong profits growth following the merger, on the grounds that there are now only two leading insulin producers left in the world market – the other being Eli Lilly of the US – and the two will compete less fiercely than three, leading to higher prices and profits.

The three companies making up Danisco, however, have relatively little overlap. Getting them to function smoothly as a group could be a quite a task

# LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share *Information Services*.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

## Corporation and County Stocks
No. of bargains included 10

London County 2½% Cons Stk 1920(or after) – £25 (27Ja89)
Greater London Council 6¾% Stk 90/92 – £88 9 ½ 90
Birmingham District Council 11½% Red Stk 2012 – £108½ (27Ja89)
Croydon Corp 3½% Stk – £35 (27Ja89)
Kirklees Metropolitan Council 11.6% Red Stk 2031 – £110 (27Ja89)
Manchester Corp 1891 3% Red Stk 1941(or after) – £28 (27Ja89)

## UK Public Boards
No. of bargains included nil

Agricultural Mortgage Corp PLC 5½% Deb Stk 93/95 – £80♦
6¾% Deb Stk 92/94 – £81 (30Ja89)
7¾% Deb Stk 91/93 – £87½♦
10¼% Deb Stk 92/95 – £98 100¾ (1Fe89)
Forth Ports Authority 3¼% Funded Debt – £25 (31Ja89)
Port of London Authority 6¼% Reg Stk 87/90 – £94‡ 5‡ ¼‡ (1Fe89)
Scottish Agric Sec Corp 7½% Deb Stk 90/92 – £86½ (31Ja89)
10¼% Deb Stk 89/91 – £96 (31Ja89)

## Commonwealth–Government
No. of bargains included 1

Jersey Electricity Co Ld 8% Gtd Stk 2000 – £92

## Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 8

Greece,(Kingdom of) Mon 4% 1887(Assd with Accept Cert) – £32♦
5% 1890(Piraeus–Larissa Railway(Assd) …

Hill Samuel Group PLC 8% Uns Ln Stk 89/94 – £90 (1Fe89)
Lombard North Central PLC 5% Cum 2nd Prf £1 – 50 (31Ja89)
Midland Bank PLC 7½% Subord Uns Ln Stk 83/93 – £88½
10¼% Subord Uns Ln Stk 93/98 – £101¾ 2
14% Subord Uns Ln Stk 2002/07 – £120¼
National Westminster Bank PLC ADR (3:1) – $50⅞ 1 (30Ja89)
7% Cum Prf £1 – 60 7 (1Fe89)
9% Subord Uns Ln Stk 1993 – £92½
12½% Subord Uns Ln Stk 2004 – £113¾
Royal Bank of Scotland Group PLC Warrants to sub for Ord – 53 (30Ja89)
11% Cum Prf £1 – 112
Smith,St.Aubyn(Hldgs) PLC 9¼% Cum 2nd Prf £1 – 103 (31Ja89)
Standard Chartered PLC 12¾% Subord Uns Ln Stk 2002/07 – £109¾ (1Fe89)
Sumitomo Bank Ld Shs of Com Stk Y50 – Y840 875 900
TSB Group PLC 10⅞% Subord Ln Stk 2008 – £99¾
Warburg (S.G.) Group PLC 7½% Cum Prf £1 – 92½♦

## Breweries and Distilleries
No. of bargains included 712

Allied–Lyons PLC 5½% Cum Prf £1 – 52 6½ (31Ja89)
7½% Cum Prf £1 – 73
6½% Red Deb Stk 84/89 – £95½ (31Ja89)
6¾% Red Deb Stk 88/93 – £87½ (27Ja89)
7½% Red Deb Stk 88/93 – £87½ (1Fe89)
11¾% Deb Stk 2009 – £115 ¾ (27Ja89)
5¼% Uns Ln Stk – £48 (31Ja89)
7½% Uns Ln Stk 93/98 – £83½ 4
Bass PLC 7% Cum Prf £1 – 69 (1Fe89)
3½% Deb Stk 87/92 – £81½
…

## USM Appendix
No. of bargains included 1040

Apollo Metals PLC 8p(Net) Cum Cnv Red Prf 10p – 105
Ashtead Group PLC New Ord 10p – £2.65 (27Ja89)
BLP Group PLC 8p (Net) Cnv Cum Red Prf 10p – 103 (1Fe89)
Cassidy Brothers PLC Ord 10p – 51 5
Clayvision PLC 8.5%(Net) Cnv Cum Red Prf £1 – 111 2 4

…
Regal Hotels (Hldgs) 14½ 17½ (31/1)
Regent Mining 2¼ (27/1)
Rorer Group $39.89♦ (2/2)
Selangor Coconuts 30♦ (30/1)
Sky Line Explortn C$10♦ 500 (2/2)
Target Resources 14 (1/2)
Terramar Resources 7♦ (2/2)
Terrex Resources 2 (1/2)
United Overseas Land S$1.728 (2/2)
Village Main Reef $0.5♦ (31/1)
Westfield Minerals 77♦ (31/1)
Winsor Industrial Corp HK$9.59 (1/2)

*By Permission of the Stock Exchange Council*

# LONDON STOCK EXCHANGE

# Equities above Black Monday close

| Account Dealing Dates | | | |
|---|---|---|---|
| First Dealings: | Jan 16 | Jan 30 | Feb 13 |
| Option Declarations: | Jan 26 | Feb 9 | Feb 23 |
| Last Dealings: | Jan 27 | Feb 10 | Feb 24 |
| Account Day: | Feb 6 | Feb 20 | Mar 6 |

New time dealings may take place from 9.00 am two business days earlier.

RENEWED DEMAND for equities put a powerful squeeze on market makers' positions in London yesterday, and the combination of the two factors finally drove market indices back above the closing level of the first day of the October 1987 Crash. Disappointment with the latest US employment data was short-lived in London where a firm dollar gave additional encouragement to the international leaders.

At its closing calculation of 2069.9, the FT-SE Index showed a net gain of 26.5 points and comfortably outstripped the 2052.3 close of Black Monday, twelve months ago last October. During yesterday's session, the Footsie touched 2078, still a long way from the 2301.9 marked on the last trading day before the Crash.

The past week has seen the Footsie Index gain a further 64 points, bearing out the opinion of several market analysts that the investment institutions would seize on any sign of profit-taking as an opportunity to return as buyers to the market.

Investment activity has continued to run high all week, with equity business by value reaching £2.2bn on Monday, £1.9bn on Tuesday and £1.8bn on Wednesday, the last session for which full details are available. Institutional activity remained high yesterday, according to several firms which track the block trades, or larger-sized share deals.

Statistics kept by Salomon International indicate daily institutional inflows into equities of around £66.1m last week, maintaining the institutional percentage at about 73 per cent of total equity inflow.

Pressures on market makers were a significant factor, especially during the early part of the session when one leading house was said to be closing heavy short positions across the market. Further pressures inside the market were confirmed later when Smith New Court, a major and agressive market maker shed 39 staff, 20 of them from equity trading and sales.

The surge in equities since the year-end has caused a good deal of grief among London market makers who had substantially wound down share positions at Christmas time following several months of low trading volume. Some are believed to have lost money heavily in the equity Account which closed a week ago.

The London Exchange will introduce new equity reporting rules a week on Monday and some market makers are re-assessing recent decisions to reduce the size of Seaq bargain sizes. BZW, securities trading arm of Barclays Bank, canvassed its traders' opinions yesterday but rejected suggestions that it plans to adjust Seaq sizes on Monday. "Securities firms are more likely to consider such moves when the new rules take effect in the following week", commented a BZW director.

## FINANCIAL TIMES STOCK INDICES

| | Feb. 3 | Feb. 2 | Feb. 1 | Jan. 31 | Jan. 30 | Year Ago | 1988/89 High | 1988/89 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 88.92 | 88.67 | 88.45 | 88.43 | 88.57 | 89.08 | 91.43 (18/4/88) | 86.18 (14/12/88) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 97.45 | 97.10 | 97.17 | 97.17 | 97.09 | 95.59 | 98.67 (25/5/88) | 94.14 (8/1/88) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary | 1689.0 | 1667.8 | 1665.4 | 1674.4 | 1686.4 | 1387.1 | 1689.0 (3/2/89) | 1349.0 (8/2/88) | 1926.2 (16/7/87) | 49.4 (26/6/40) |
| Gold Mines | 166.9 | 167.1 | 167.0 | 169.3 | 170.6 | 251.0 | 312.5 (7/1/88) | 160.7 (3/1/89) | 734.7 (15/2/83) | 43.5 (26/10/71) |

| | Feb. 3 | Feb. 2 | Feb. 1 | Jan. 31 | Jan. 30 | Year Ago |
|---|---|---|---|---|---|---|
| Ord. Dl. Yield | 4.34 | 4.39 | 4.40 | 4.39 | 4.41 | 4.50 |
| Earning Yld %(full) | 10.87 | 11.00 | 11.02 | 11.01 | 11.06 | 11.34 |
| *P/E Ratio(Net)(☆)* | *11.17* | *11.03* | *11.00* | *11.01* | *10.96* | *10.77* |
| SEAQ Bargains(5pm) | 40,053 | 32,162 | 39,612 | 46,853 | 49,963 | 27,484 |
| Equity Turnover(£m)† | - | 1607.74 | 1843.41 | 1948.99 | 2226.30 | 1019.98 |
| Equity Bargains† | - | 42,593 | 51,647 | 61,810 | 61,587 | 32,179 |
| Shares Traded (ml)† | - | 654.0 | 700.3 | 804.2 | 949.4 | 455.8 |

**Ordinary Share Index, Hourly changes**

| Opening | 10 a.m. | 11 a.m. | 12 p.m. | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1670.9 | 1682.7 | 1685.9 | 1693.6 | 1692.8 | 1691.9 | 1690.1 | 1690.1 |

DAY'S HIGH 1695.9 DAY'S LOW 1670.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 11.10 †Excluding intra-market business.

### S.E. ACTIVITY

| Indices | Feb.2 | Feb.1 |
|---|---|---|
| Gilt Edged Bargains | 87.2 | 107.4 |
| Equity Bargains | 276.0 | 334.6 |
| Equity Value | 3249.7 | 3726.0 |
| 5-Day average | | |
| Gilt Edged Bargains | 110.9 | 114.5 |
| Equity Bargains | 350.4 | 342.4 |
| Equity Value | 3984.3 | 3953.8 |

London Report and latest Share Index: Tel. 0898 123001

## Ultramar may fall prey

Ultramar resumed their upward trend with the market expecting imminent and major developments that could lead to a bid for the group from one of the leading energy groups. British Gas was said by dealers and analysts to be among the favourites to launch an offer for the company.

Ultramar shares raced up to 329p bid at one point yesterday, but later ran back to close a net 9½ higher at 318p on turnover of 10m shares.

Earlier in the week Ultramar revealed it was the target of a possible bid from a consortium being put together by two Canadian groups Noverco and Unigesco acting in concert with Banque Paribas.

There was speculation in the market yesterday that some heavy selling earlier in the week, thought to have represented up to 12m shares or around 5 per cent of Ultramar, had been carried out by a specialist US broker on behalf of Paribas. The stock was snapped up very quickly, apparently by the mystery buyer. British Gas carried out the unsuccessful market raid on LASMO last year when Gas netted less than 2 per cent of LASMO.

Noverco, so the market story went, retained its stake and was still interested in an eventual consortium bid and break up of Ultramar. The other major shareholders in Ultramar, Sir Ron Brierley, with 14 per cent, and Premier Consolidated, with 2 per cent, are thought to have received approaches to sell their share stakes.

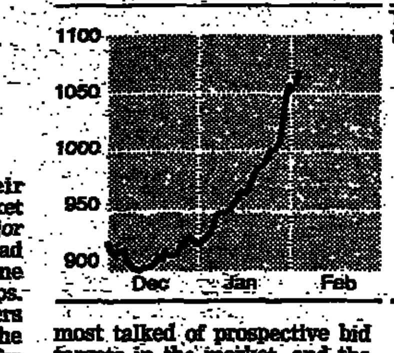
British Gas offered "no comment on market speculation, while calls to Ultramar were not returned.

### Storehouse blues

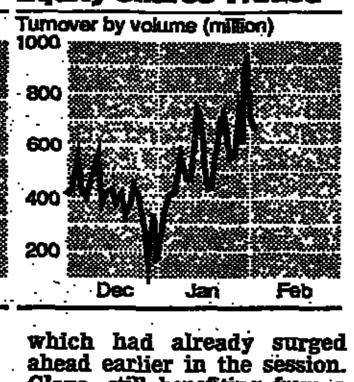
Storehouse stood out sharply among a firmer Stores sector by easing a penny to 192p on turnover of 7.9m shares after analysts at its broking house, Warburg Securities, downgraded their forecast for year-end March 1989 by a massive £17.5m to £70m. Despite talk of a reduced dividend this year, Warburgs has in fact kept with its 8.8p forecast for 1989, but it has lowered its 1990 figure from 9p to 8.8p. The shares would have fallen further, said dealers, if it had not been for the news that US arbitrageur Mr Asher Edelman had increased his stake to 6.1 per cent.

Sir Terence Conran's Storehouse has long been one of the most talked of prospective bid targets in the market, and the group is said by analysts to be suffering especially hard from the slowdown in retail spending. The fact that the company's broker has reduced its profits forecast so dramatically makes it all the more vulnerable to a takeover approach, said one marketmaker.

**FT-A All-Share Index**




**Equity Shares Traded**




### Jaguar doubts

Jaguar bounded higher inspired by reports that several overseas car manufacturers were displaying interest in the group. Mitsubishi was a popular choice along with two top German groups but marketmakers were sceptical of the stories.

They detected no evidence of recent stake-building, which was suggested, and recalled that six months ago there were no bids for a 4.5 per cent holding said to be then on offer. Any bidder would need to look two years ahead, at least, and there could be several pitfalls in the meantime, said one trader. The shares rose 15½ yesterday to 327p.

Firmness in the US dollar provided the final spur to London's international stocks which had already surged ahead earlier in the session. Glaxo, still benefiting from a batch of recommendations by London and Japanese brokers, closed a further 19 ahead at 1249p, while ICI, with the 1988 results now in view, jumped 22 to challenge the £12 mark with a close of 1195p.

An outstanding performer was BOC, which surprised the market by reversing the dip which followed announcement of the trading results on Thursday, and racing ahead by 18 to 454p. Market rumours that British Gas might be interested in bidding for BOC met with a mixed reception among the analysts.

One of the few dull features was again Fisons, 12 down at 264p, still hurt by the report that the US manufacturer of Lyphomed, the anti-AIDS aerosol drug, has received limited sales approval from the Federal authorities.

Traders continued to point to stock shortages as behind the continuing strength of the banks sector, where Lloyds remained especially in favour and jumped 11 to 379p; Lloyds' full-year figures are expected on February 24 with the Shearson Lehman Hutton Securities banks team forecasting pre-tax profits of £980m.

A flurry of early speculative selling lowered Standard Chartered shares to 539p, but official denials of any problems involving the banks for eastern foreign exchange activities saw the shares rally swiftly to closer a net 3 higher at 548p.

SG Warburg shares surged ahead, closing 19 to the good at 342p, with dealers taking the view that the bank's pre-eminent position in securities trading would have been enhanced during the recent bout of much-improved activity and sharply higher share prices.

Prudential, the bluest of blue chips in the life assurance market were again heavily bought by institutions and private investors and jumped 8 more to 184½p on turnover of 4.3m.

Vaux Group, the focus of stakebuilding speculation in recent weeks, climbed 17 to 838p. Dealers said that the stock was keenly bought ahead of next week's 5-for-3 share split.

Stories of a bid or buy-out at Dixons refused to die down, and the shares closed 3½ better at 164p as a healthy 10m shares changed hands. Other stocks to see good business in the Stores sector were Marks and Spencer, a shade higher in volume of 5.2m shares, and Sears, up 2 at 127p on turnover of 5m shares. Next were a good market, climbing 7 to 153p amid some exaggerated bear positions, while Burton added just 3 at 204p, despite a long-term buy note from Nikko Securities' Mr David Robinson.

Another burst of buying interest emanating from the US lifted Racal Telecom, one of the electronics sector's best performers over the past two weeks, leaving Telecom shares a further 8 higher at 271p on turnover of 1.7m.

Dealers and analysts said talk that McCaw, where British Telecom recently bought a 22 per cent stake for $1.5bn, is about to make a move to acquire Lynn Broadcasting, the US cellular radio company, at premium prices, triggered the latest demand for Racal Telecoms which, they say, will be re-rated, perhaps on US terms.

Securicor, joint owner of Cellnet, the cellular business, along with British Telecom, spiralled upwards amid major re-ratings of the company. The ordinary climbed 50 to 540p and the "A" 55 to 530p.

There was talk in the market of switching operations, involving GEC, which hardened 3 to 225p on turnover of 11m. Ferranti rallied further, closing 5 up at 107p.

Amstrad eased 4 to 173p on 6.5m, still upset by the recent brokers "sell" notes and the Flemings downgrading.

Double-figure gains were enjoyed by numerous engineering issues as the sector experienced a revival of institutional interest. TI jumped 14 to 439p, Simon rose 13 to 334p and GKN moved up 9 to 361p, to name but a few of the many good features.

Ranks Hovis McDougall (RHM) were a good market in a lively Foods sector, advancing 10 to 402p. There has been speculation this week that Australian group Goodman Fielder had finally sold its stake, but dealers said that the rise in the share price was more likely the result of a realisation in the market that RHM has underperformed the sector recently and is, therefore, due a run.

Although the rumoured dawn raid failed to materialise Unigate remained in the bid frame amid persistent talk of strong demand for the stock outside the market and that Mr Larry Goodman had sold his near 8 per cent stake.

Bassett Foods added 4 at 562p after asking the Office of Fair Trading to investigate the unwanted bid from Sweden's Procordia, while Fitch Lovell rose 5 to 290p on a press report that Hazlewood (up 6 at 248p) was ready to launch a bid.

Gateway returned to life as the shares broke through the 180p barrier to reach 185p (up 6¼) on turnover of 5.5m shares; dealers had previously regarded 180p as the top of the trading range.

Unconfirmed reports that Daimler-Benz was considering some form of relationship, possibly regarding cross holdings, with British Aerospace put the latter's shares 12 higher to 534p. But the undoubted star among miscellaneous industrials was Eurotunnel. A repetition of the Thursday's persistent demand from both the Continent and the UK found the market now very short of stock and the shares raced higher to 763p. The day's gain of 75 accelerated the rise on the week, highlighted by an infinitely more encouraging report on drilling progress, to 173.

Hopes of profit growth stimulated Beazer, 9 up at 215p, while Cornwall Parker "A" spurted 20 to 184p following a Warburg Securities recommendation. Blue Arrow improved to 89p awaiting Monday's preliminary statement.

Talk in the market suggested that Granada, the leisure group, could well be taking a hard look at First Leisure; First Leisure shares leapt 15 to 180p on the stories. Those of Granada were up 7 at 383p.

US dollar influences were a spur for Saatchi & Saatchi, 15 dearer at 410p, while Citicorp Scrimgeour Vickers advice of "upside without takeover speculation" lifted KLP 7 to 330p. United Newspapers highlighted publishers with a sharp rise of 22 to 448p but the sector had other meritable performers in Maxwell Communication, up 11 at 213p on a Kleinwort Benson presentation, and Reed International, which ended a superb week with a further rise of 5 to 457p. Moss Trust slumped to 30p before rallying to end 3 down at 33p after news that the board had questioned the accuracy of last year's accounts.

The most prominent Overseas Traders were the two stocks highly recommended by the BZW research team in its latest review of the sector. Polly Peck, up 11 at 314p, is selected because "the current rating still fails to recognise the improving quality of earnings and medium term growth potential". The other main choice is Inchcape which BZW says, "despite the strong price performance over the past year we believe the shares still offer good value at current levels."

Talk of the company being involved in possible bids - Texas Eastern was mentioned, as well as BOC, and LASMO - failed to prevent British Gas making fresh progress to close 1½ harder at 184½p, after 186p, on turnover of 18m.

British Gas dominated dealings in traded options, attracting 17,138 contracts, made up of 5,161 calls and 6,987 puts, amid heavy combination trading involving the underlying market.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 9.

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ASDA Group | 7,600 | 158½ | +4½ | Commercial Union | 3,325 | 392 | +5 | Land Securities | 990 | 598 | +3 | Rothmans | 3,080 | 507 | +20 |
| Allied-Lyons | 2,200 | 482 | +3 | Cons. Gold Fields | 1,590 | 1427 | +7 | Laporte | 728 | 421 | -3 | Royal Bk. Scotland | 254 | 403 | +6 |
| Amstrad | 6,500 | 173 | -4 | Cookson | 1,300 | 321 | +15 | Legal & General | 994 | 334 | +2 | Royal Insurance | 2,100 | 444 | +2 |
| Argyll Group | 4,100 | 197½ | +2½ | Courtaulds | 4,975 | 318 | +9 | Lloyds Bank | 2,200 | 379 | +11 | STC | 1,700 | 323 | +6 |
| Ass. Brit. Foods | 438 | 350 | +6 | Dalgety | 873 | 356 | +8 | LASMO | 3,650 | 502 | +6 | Saatchi & Saatchi | 2,590 | 410 | +15 |
| BAA | 3,400 | 302 | -1 | Dixons | 9,825 | 164 | +3½ | Lonrho | 2,000 | 342 | -2 | Sainsbury | 739 | 238½ | +2½ |
| BAT | 2,400 | 554 | +8 | Eng. China Clays | 806 | 510 | +6 | Lucas | 756 | 640 | +7 | Scot & Newcastle | 342 | 434 | +7 |
| BET | 1,200 | 260 | +4½ | Enterprise Oil | 394 | 540 | +3 | MB Group | 1,600 | 296 | +2 | Sears | 5,000 | 127 | +2 |
| BICC | 367 | 438 | +3 | FKI Babcock | 8,608 | 147½ | +5 | MEPC | 712 | 576 | +2 | Shell Transport | 2,900 | 377 | +3 |
| BOC | 5,100 | 454 | +18 | Fisons | 4,000 | 264 | -12 | Marks & Spencer | 5,200 | 177 | +½ | Slebe | 553 | 463 | -1 |
| BPB Inds. | 2,702 | 254 | +7 | Gateway Corp. | 5,503 | 185 | +6½ | Maxwell Comm. | 5,800 | 213 | +11 | South Ests | 429 | 353 | +7 |
| BTR | 4,450 | 340½ | +5 | General Accident | 403 | 982 | +19 | Midland Bank | 486 | 468 | +7 | Smith & Nephew | 3,175 | 157½ | +4½ |
| Barclays | 1,000 | 461 | +2 | General Elect. | 10,900 | 225 | +3 | Nat. West. Bank | 1,900 | 591 | +5 | Standard Chartd. | 3,440 | 548 | +3 |
| Bass | 468 | 928 | +14 | Glaxo | 3,300 | 1249 | +19 | Next | 2,800 | 153 | +7 | Storehouse | 7,950 | 192 | -1 |
| Beazer | 7,000 | 215 | +9 | Globe Inv. | 2,100 | 167 | +3 | Northern Foods | 298 | 311 | +2 | Sun Alliance | 1,160 | 1131 | +8 |
| Beecham | 1,908 | 564 | +12 | Glynwed Int. | 2,800 | 324 | +3 | Pearson | 300 | 739 | +7 | T&N | 3,200 | 282½ | +10½ |
| Blue Arrow | 6,900 | 89 | +3½ | Granada | 1,800 | 383 | +7 | Pearl | 243 | 431 | +3 | TSB | 3,500 | 134 | +2½ |
| Blue Circle | 1,600 | 491 | +12 | Grand Met. | 3,700 | 529 | +9 | P & O | 898 | 654 | +8 | Tarmac | 4,060 | 294 | +8 |
| Boots | 2,600 | 257 | +6 | GUS A | 96 | 1088 | +9 | Pilkington | 2,700 | 235½ | +½ | Tate & Lyle | 947 | 340 | +5 |
| British Airways | 4,400 | 194 | +8 | GRE | 2,580 | 214 | +1 | Plessey | 1,500 | 244 | +1 | Tesco | 1,200 | 160½ | +1½ |
| Brit. Aerospace | 4,300 | 534 | +12 | GKN | 772 | 361 | +9 | Polly Peck | 2,000 | 314 | +11 | THORN EMI | 2,700 | 733 | -5 |
| Brit & Comm. | 1,300 | 298 | +4 | Guinness | 2,000 | 391 | +4 | Prudential | 4,325 | 184½ | +8 | Trafalgar House | 2,900 | 353 | +4½ |
| British Gas | 18,000 | 184½ | +1½ | Hammerson 'A' | 929 | 834 | +18 | Racal | 4,100 | 318½ | -1½ | Trusthouse Forte | 3,450 | 279½ | +2½ |
| British Land | 1,308 | 374 | +7 | Hanson | 6,296 | 179 | +3 | Rank Org. | 581 | 856 | +19 | Ultramar | 10,000 | 318 | +9 |
| BP | 3,100 | 276 | +1½ | Harrisons & Cros. | 259 | 707 | +8 | RMC | 635 | 600 | +15 | Unilever | 4,800 | 539 | +4 |
| British Steel | 43,724 | 78½ | +2 | Hawker Siddeley | 670 | 647 | | RHM | 1,200 | 432 | +10 | United Biscuits | 3,003 | 336 | +4½ |
| British Telecom | 3,669 | 287 | | Hillsdown Hldgs | 2,380 | 279 | +3½ | Reckitt & Colman | 243 | 1066 | +6 | Utd Newspapers | 2,775 | 448 | +22 |
| Burmah Oil | 781 | 556 | +11 | IMI | 186 | 232 | +3 | Redland | 1,000 | 437 | +10 | Wellcome | 1,300 | 490 | +14 |
| Burton | 1,660 | 204 | +3 | Imp. Chem. | 2,600 | 1195 | +22 | Reed International | 2,700 | 457 | +5 | Whitbread 'A' | 559 | 341 | +5 |
| Cable & Wireless | 2,000 | 434 | +5 | Inchcape | 568 | 298 | +4 | Reuters 'B' | 605 | 619 | +9 | Williams Hldgs. | 705 | 275 | +5 |
| Cadbury Schweppes | 1,100 | 363 | +1 | Jaguar | 5,095 | 327 | +15½ | RTZ | 2,600 | 519 | +7 | Wimpey | 1,560 | 290 | +2½ |
| Coats Viyella | 2,400 | 160 | +5 | | | | | Rolls Royce | 8,000 | 164½ | +3½ | Woolworth Hldgs | 2,009 | 285 | +6 |
| | | | | Ladbroke | 2,100 | 509 | +13 | | | | | | | | |

## NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (263). BRITISH FUNDS (14) AMERICANS (3) CANADIANS (3) BANKS (4) Bank Scot. 9¼pc Irrd Pf, HK & Shanghai, TSB Channel Islands, Anglo Leasing, BREWERS (7) BUILDINGS (11) CHEMICALS (4) Caird Grp., Halstead (J.), MTM, Schering, STORES (1) Limited Inc., ELECTRICALS (10) ENGINEERING (21) FOODS (4) Food Inds., Morrison (Wm.), Perkins Foods, Sutherland, HOTELS (3) Friendly Hotels, Queens Moat, Do. 7pc Cv, INDUSTRIALS (48) AMI Health, Apollo Metals, BET, BSS Grp., Barry Wehmiller, Caparo Inds., Christies Intl., Cookson, Cornwall Parker "A", EIS, Gestetner, Hanson, Do. 10pc Cv Ln, Holders Tech., Hughes (H.T.), Huntingdon Intl., Hutch Whmp., ISA Intl., IWP Intl., Jardine Hldg., Johnson Cleaners, Marling Inds., Norfolk House, Nu-Swift, Porter Chadburn, Rank Org., Scapa, Securicor, Securiguard, Security Servs., Serco, Sketchly, Smit. Business, Sterling Inds., Swire Pac "A", Transport Dev., Triefus, Oy Wartsila AB, Whatman Reeve, Wilkes (J.), INSURANCE (3) Gen. Accident, Heath (C.E.), Sun Alliance, LEISURE (18) MOTORS (2) Plaxton, Bostrom, NEWSPAPERS (4) EMAP, Gardner (G.C.), Intl. Thompson, Planning Resch. & Sysc., PAPERS (7) Carlton Comms., Ferry Pick., Gold Greenless T, More O'Ferr., Norton Opax, Saatchi 9¾pc Pf 2003, Waco, PROPERTY (14) SHIPPING (2) C.S.L. Corp., Turnbull Scott, TRUSTS (76) OILS (1) Brit. Borneo, OVERSEAS TRADERS (1) Antofagasta, MINES (9), THIRD MARKET (1).

NEW LOWS (7). CANADIANS (1) Danbus Memory, STORES (2) Hogg Robinson, PML, ELECTRICALS (1) Alpahmeric, PAPERS (1) Moss Tst., MINES (2) Durban Deep, Elsburg, THIRD MARKET ( ).

## RISES AND FALLS

| | On Friday Rises | On Friday Falls | On Friday Same | On the week Rises | On the week Falls | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 108 | 0 | 1 | 290 | 214 | 45 |
| Corps. Dom. & Foreign Bonds | 14 | 0 | 37 | 45 | 31 | 179 |
| Industrials | 774 | 198 | 615 | 3,186 | 1,586 | 3,187 |
| Financial and Props | 351 | 44 | 276 | 1,303 | 604 | 1,444 |
| Oils | 33 | 18 | 49 | 136 | 127 | 237 |
| Plantations | 0 | 0 | 12 | 8 | 7 | 45 |
| Mines | 44 | 40 | 102 | 170 | 241 | 519 |
| Others | 76 | 52 | 109 | 437 | 275 | 470 |
| Totals | 1,400 | 352 | 1,201 | 5,575 | 3,065 | 6,126 |

## LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday February 2

| | | | |
|---|---|---|---|
| Shipping & Transport | + 18.39 | Brewers and Distillers | + 13.88 |
| Building Materials | + 17.87 | All Share Index | + 13.65 |
| Mining Finance | + 17.25 | Insurance(Composite) | + 13.33 |
| Motors | + 16.14 | Insurance(Brokers) | + 12.89 |
| Health & Household Products | + 15.81 | Banks | + 12.80 |
| Mechanical Engineering | + 15.63 | Stores | + 12.74 |
| Food Retailing | + 15.56 | Metals & Metal Forming | + 12.69 |
| Capital Goods | + 15.08 | Insurance(Life) | + 12.68 |
| Publishing & Printing | + 14.99 | Conglomerates | + 12.53 |
| Other Industrial Materials | + 14.73 | Textiles | + 12.35 |
| Electronics | + 14.66 | Telephone Networks | + 12.27 |
| Other Groups | + 14.56 | Contracting,Construction | + 12.24 |
| Industrial Group | + 14.42 | Oil & Gas | + 12.23 |
| Chemicals | + 14.24 | Food Manufacturing | + 12.00 |
| Agencies | + 14.20 | Packaging & Paper | + 11.66 |
| 500 Share Index | + 14.12 | Financial Group | + 11.36 |
| Leisure | + 14.09 | Property | + 8.32 |
| *Investment Trusts* | + 14.01 | *Merchant Banks* | + 7.04 |
| Electricals | + 13.99 | Overseas Traders | + 6.42 |
| Consumer Group | + 13.93 | Gold Mines Index | + 3.21 |

## BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| UK GILTS | | 13.500 | 9/92 | 109-14 | +5/32 | 10.30 | 10.25 | 10.83 |
| | | 9.750 | 1/98 | 100-08 | +12/32 | 9.71 | 9.76 | 10.23 |
| | | 9.000 | 10/08 | 100-14 | +20/32 | 8.95 | 8.98 | 9.33 |
| US TREASURY * | | 8.875 | 11/98 | 98-30 | -11/32 | 9.04 | 8.92 | 9.20 |
| | | 9.000 | 11/18 | 101-12 | -17/32 | 8.87 | 8.74 | 9.07 |
| JAPAN | No 111 | 4.600 | 6/98 | 97.8532 | -0.250 | 4.93 | 4.80 | 4.73 |
| | No 2 | 5.700 | 3/07 | 108.6182 | -0.213 | 4.81 | 4.77 | 4.79 |
| GERMANY | | 6.375 | 11/98 | 97.2750 | -0.075 | 6.79 | 6.68 | 6.66 |
| FRANCE | BTAN | 8.000 | 1/94 | 96.6742 | -0.017 | 8.85 | 8.65 | 8.53 |
| | OAT | 9.500 | 5/98 | 104.4500 | -0.130 | 8.76 | 8.56 | 8.63 |
| CANADA * | | 10.250 | 12/98 | 101.3750 | +0.125 | 10.02 | 9.96 | 10.25 |
| NETHERLANDS | | 6.7500 | 10/98 | 99.4250 | +0.000 | 6.91 | 6.80 | 6.70 |
| AUSTRALIA | | 12.000 | 7/99 | 91.3360 | -0.569 | 13.56 | 12.88 | 12.95 |

London closing. *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

*Technical Data/ATLAS Price Sources*

# COMMODITIES

## WEEK IN THE MARKETS

# Gold leads widespread price slide

LONDON COMMODITY prices went into decline this week as investors' attention was focussed on the resurgent equity market.

Most directly effected was gold - which fell yesterday to the lowest level since December, 1986 - but London Metal Exchange base metals also came under pressure, as did leading "soft commodity" markets.

Gold's $10.50 fall to $388.75 a troy ounce was taken by analysts as confirmation that the metal was in a long term bear trend. Having dipped below the psychologically important $400 level last week, the price was put under further pressure by the dollar's strength. As early as Monday some dealers were forecasting that the price could soon drop to $385 an ounce, and they did not rule out a fall to $300 an ounce by the end of the year.

On the LME the general price slide was led by copper, with cash grade A metal ending £114 down on the week at £1,802.50 a tonne - more than £200 below the record level reached in early December.

That fall was also influenced by the fading of fears that there might be another protracted strike in the Peruvian mining industry after workers at the state-owned Centromin Corporation agreed to accept smaller wage increases than they were originally demanding.

Last year the industry suffered two long strikes, totalling 87 working days, and the miners were still not happy when the second was settled in mid-December.

There was concern, therefore, that a miners' federation meeting ending last weekend might result in the calling of another indefinite stoppage. In the event, however, the federation contented itself with issuing a warning that it would call a 72-hour strike if the Government refused to set up a committee to look into its nationwide pay and conditions claim.

Peru, which normally produces about 6 per cent of the non-Communist world's copper, also accounts for some 11 per cent of zinc supplies, so the strike threat was at least as worrying for that market. That was reflected in the record level at which the the LME cash high grade zinc price ended last week, and the fading of strike fears prompted a $74 decline to $1,805 a tonne this week.

The other big loser was nickel. Despite rising $350 yesterday the cash position ended $400 down on the week at $18,000 a tonne.

With stocks held in LME warehouses holding above the 6,000 tonnes level and apparently freer availability of supplies for nearby delivery the premium for cash nickel over three months metal came under heavy pressure - in fact, on two days this week it closed at a discount to three months and on one day it was at parity.

Yesterday the premium (or backwardation, as it is known in the trade) was re-established at $287.50 a tonne, but that was still much less than the $450 at which it ended last week.

This week also saw a further narrowing in the LME cash premium for aluminium, from $27.50 to $13 a tonne, as the cash price dropped $152.50 to $2,177.50 a tonne.

In the absence of any fresh fundamental news the London cocoa futures market wallowed in the gloom following the failure of last week's International Cocoa Organisation meeting in London. With the prospects increasingly in doubt for a new price-supporting cocoa pact being ready when the current one expires in September next year the May futures price edged downwards by £18 this week to £851 a tonne.

Meanwhile this week's International Coffee Organisation executive board meeting did little to encourage confidence in the long term future of the coffee agreement as producers refused to countenance the radical changes to the pact being sought by consuming country members.

For the time being, however, the current agreement seems to be maintaining a tenuous grip on the market situation.

A sharp midweek fall took the agreement's daily indicator price close to the level which would eventually trigger a reduction in export quotas. But this possibility was not lost on the market and prices steadied towards the end of the week. The May position on the London futures market, which dipped to £1,125 a tonne at one stage, rallied to £1,155 at yesterday's close, up £13 on the week.

Meanwhile the world sugar market shook off its recent depression with the London daily raws price registering a net rise of $21 to $256.80 a tonne. The rise was lead by the New York market, which was responding to rumours of long-awaited Chinese and Soviet offtake.

**Richard Mooney**

# APPOINTMENTS

## John Laing deputy chairman

■ JOHN LAING has appointed Mr John Renshaw as group deputy chairman. In 1981 he became joint managing director, then deputy chairman and in January 1985 chairman of John Laing Construction. He was also on the board of a number of other companies within the group as well as being chairman of John Laing International from 1982. He was appointed to the board of John Laing in 1981 and became group vice chairman in 1983.

■ Mr Clive Wiggett has been appointed managing director of WORLDWIDE CHAIN STORE SYSTEMS INTERNATIONAL. He was formerly supply chain controller of Woolworths.

■ LEADING LEISURE has appointed Mr Nicholas Stephens, a senior executive from Pirelli, as chairman of its property and construction division. Mr Stephens has most recently been involved with the expansion of the Luton-based Pirelli subsidiary Standard Tyre and Exhausts.

■ Mr Alex Abulafia has been appointed an executive director of OVERSEAS CORPORATE FUNDS (UK), the London-based subsidiary of International Pacific Securities of Australia. He joins from Byvest Advisors, the Australian management buyout specialist.

■ Nr Robert Tigg and Mr Brian Morel have been appointed directors of

Mr Paul Dakin has been appointed production director of ELEMETA, the curtain walling construction company within the Conder Group. He joins from Redland Brick where he was regional production manager.

GUINNESS MAHON FINANCIAL SERVICES. Mr Ian Hammond has been appointed a director of GM BENEFITS CONSULTANTS. Both companies are subsidiaries of Guinness Mahon Holdings.

■ SMITHS INDUSTRIES MEDICAL SYSTEMS has appointed Mr Derek Thompson as managing director of Avon Medicals, the medical products company recently acquired by Smiths Industries. He was previously general manager of Concord Laboratories, another company in the SIMS Group.

■ Mr Christopher Hampson has joined the board of HAWKER SIDDELEY as a non-executive director. He is a member of the Imperial Chemical Industries board and a non-executive director of Costain Group.

■ Mr Christopher Bradley-Watson has been made a director of the commercial property arm of DENCORA. Currently surveyor to the Beccles-based property group he joins the boards of Dencora Securities and Dencora Properties.

■ TRAFALGAR METROPOLITAN HOMES, the new joint development company formed by Trafalgar House Group and Grand Metropolitan Estates, has made the following board appointments.

From Trafalgar House they include: Mr John Low, managing director of Ideal Homes Holdings who becomes managing director of the company; Mr Patrick Garner, who was chairman and chief executive of Chase Property Holdings, and Mr Donald Henderson, divisional legal adviser and secretary to the group's property division.

Directors appointed by Grand Metropolitan Estates are: Mr Alan White, GME group estates international director, Mr Raymond Hawkins, GME finance and systems director, and Mr Ian Kinman, who is director of accounting at GME.

Joint chairmen of the company are Mr Bob Williams and Mr David Calverley. Mr Williams is group property director at Grand Metropolitan and managing director of GM Estates. Mr Calverley is chairman of the Trafalgar House property division.

■ Mr Christopher M. Horne, an associate director and secretary of COUTTS & CO. has become senior associate director. He succeeds Mr David A. Jones who is retiring. Mr Jones also retires as managing director of Coutts Finance Co.

■ SHEAFBANK PROPERTY TRUST has appointed Mr David Gradel as managing director. He will retain his responsibilities as director of finance. Mr Leon Gradel has been appointed to the board as a non-executive director.

■ Lord Keyes of Zeebrugge and Dover has been appointed chairman of CCL FINANCIAL GROUP and CCL ASSSURANCE.

■ DCS GROUP, the computer systems supplier recently acquired by Nesco Invetments, has made the following board apppointments; Mr Robin Lodge, chairman, Mr Sean Convey, managing director, Mr Ray Spence, UK operations, Mr Tom Potter, overseas and special projects, Mr Chris Bromley, (company secretary) finance and adminstration, Mr Dave Ruff, reseach and development, and Mr Brian Ealling, personnel.

■ NOBLE & CO, the Edinburgh-based issuing house, has made Mr Timothy Kimber a director. He was previously an executive director of Lazard Brothers & Co and Lazard Investors.

■ NEGRETTI AUTOMATION, part of the Meggitt Group, has appointed Mr R. Butcher as its managing director. He succeeds Dr P. Middleton who has taken up the post of managing director at another company within the group.

■ Mr Roy Cerrenka and Mr Geoffrey Hall have been appointed directors of MIDLAND MONTAGU ASSET MANAGEMENT.

■ Mr Brian Newman has been appointed a director of HENDERSON CROSTHWAITE INSTITUTIONAL BROKERS, a subsidiary of Guinness

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## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst Mngrs (1000)H**
50 Holdenhurst Rd, Bournemouth 0345 717373

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| High Income | | | | | | |
| American Income | 6 | 45 69 | 46 29 | 49 24 | -0 34 | 5 56 |
| Gilts & Fixed Int | 6 | 114 7 | 114 7 | 121 8 | -0 4 | 8 21 |
| High Inc Equity | 6 | [illegible] | 129 5 | 135 4 | -1 4 | 5 30 |
| Worldwide Bond | 6 | 136 0 | 136 0 | 197 2 | -0 1 | 4 92 |
| Capital Growth | | | | | | |
| American Growth | 6 | 157 5 | 159 4 | 169 5 | -1 4 | 1 29 |
| Asian Pacific | 6 | 77 97 | 79 21 | 84 71 | -1 96 | 1 27 |
| Assets & Earnings | 6 | 150 2 | 154 1 | 157 9 | -1 5 | 2 42 |
| Capital Reserve Acc | [illegible] | 82 81 | 82 61 | 82 99 | [illegible] | [illegible] |
| Commodity & Energy | 6 | 96 57 | 99 46 | 105 9 | -0 1 | 0 00 |
| 1992 Enterprise | 6 | 52 00 | 53 13 | 56 50 | [illegible] | 3 19 |
| European Capital | 6 | 75 56 | 76 56 | 81 [illegible] | [illegible] | [illegible] |
| General | 6 | 167 2 | 170 1 | 180 9 | -1 6 | 2 49 |
| Japan | 6 | 103 8 | 105 5 | 112 2 | -1 2 | 0 00 |
| Mastertrust | 5 | 79 17 | 78 17 | 83 61 | [illegible] | 1 77 |
| UK Growth Acc | 6 | 139 5 | 197 8 | 210 4 | [illegible] | 1 62 |
| UK Growth Dist | 6 | 126 9 | 132 4 | 140 8 | -0 7 | 2 42 |
| US Emerging Cos | 6 | 47 94 | 49 45 | 52 60 | [illegible] | 0 00 |
| Income & Growth | 6 | 281 9 | 288 2 | 306 5 | -3 6 | 3 10 |
| Ethical | 6 | 46 19 | 47 32 | 50 34 | -0 4 | 2 43 |

**Abtrust Management Ltd (1000)H**
10 Queens Terrace Aberdeen AB9 1QJ 0224 633070

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American | 5¼ | 43 55 | 43 55 | 46 21 | -0 13 | 1 83 |
| Australian | 5¼ | 23 82 | 23 92 | 25 34 | [illegible] | 1 20 |
| European | 5¼ | 50 93 | 50 93 | 54 18 | [illegible] | 0 00 |
| Extra Income | 5 | 41 83 | 41 83 | 44 40 | -0 41 | [illegible] |
| Fund Inv Tst | 5 | 117 6 | 117 6 | 125 0 | -0 7 | 2 40 |
| Do Accum | 5 | 179 3 | 179 3 | 190 5 | -1 1 | 2 41 |
| Gilt & Fixed Int | 5¼ | 21 88 | 21 88 | 23 28 | -0 02 | 10 14 |
| Glocal Income | 5¼ | 38 05 | 38 05 | 40 47 | [illegible] | 4 66 |
| Income & Growth | 5¼ | 70 72 | 70 72 | 75 24 | -0 78 | 3 92 |
| Japan | 5¼ | 175 0 | 175 0 | 186 2 | -1 00 | 0 01 |
| Nth Amer Inc | 5 | 26 65 | 26 65 | 28 29 | -0 11 | 3 91 |
| Special Situations | 5¼ | 68 45 | 68 45 | 72 82 | -0 73 | 1 07 |
| UK Growth | 5 | 35 27 | 35 27 | 37 44 | -0 47 | 2 58 |
| World Gwth | 5 | 44 03 | 44 03 | 46 74 | -0 47 | 0 49 |
| Formerly Sentinel Funds Management Ltd | | | | | | |
| American Mjr | 5¼ | 60 51 | 60 51 | 64 59 | -0 01 | 1 82 |
| Amer Tech & Gen | 5¼ | 101 4 | 101 4 | 109 2 | -0 10 | 0 00 |
| European Growth | 5¼ | 35 13 | 35 13 | 37 50 | -0 29 | 0 00 |
| European Income | 5¼ | 51 59 | 51 59 | 55 07 | -0 22 | 1 93 |
| European Spec Sits | 5¼ | 20 80 | 20 80 | [illegible] | -0 1 | 0 00 |
| Exempt | 1 | 760 7 | 760 7 | 796 4 | [illegible] | 3 14 |
| F East Emerg Cos | 5¼ | 34 08 | 34 08 | 36 49 | -0 02 | 0 00 |
| Intl Growth | 5¼ | 46 03 | 46 03 | 49 14 | -0 67 | 0 00 |
| Intl Income | 5¼ | 59 99 | 59 99 | [illegible] 04 | +0 35 | 5 01 |
| Jap Tech & Gen | 5¼ | 141 9 | 141 9 | 151 5 | -1 20 | 0 00 |
| Pacific | 5¼ | 299 6 | 299 6 | 320 9 | -2 1 | 0 15 |
| Secure Income | 5 | 195 5 | 195 5 | 208 6 | -2 0 | 3 76 |
| Small Co's | 5¼ | 57 9 | 57 9 | 61 84 | -0 31 | 1 54 |
| Special Sits | 5 | 257 8 | 257 8 | 275 2 | -3 70 | 1 60 |
| UK General | 5¼ | 37 43 | 37 43 | 39 96 | -0 43 | 1 30 |
| UK Top 100 Ind | 5¼ | 34 88 | 34 88 | 36 56 | -0 35 | 2 17 |

**Acorn Unit Trust Managers Ltd (1100)**
1 White Hart Yd, London Bridge SE1 1NX 01-407 5966

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Ethical Tst | 5 | [illegible] | 96.16 | 100 9 | -0.1 | – |

**Aegis Unit Tst Mngmt Ltd (1400)F**
94 Whiteladies Rd Bristol BS8 1QY 0272 237593

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Clifton Intl Recovery | 5 | 52 06 | 51 94 | 54 67 | -0 27 | 1 50 |
| Clifton Prem Port | 6 | 47 72 | 47 98 | 51 05 | -0 08 | 1 50 |
| Global Sector Ptolio | 6 | 48 25 | 48 93 | 52 11 | -0 61 | 4 00 |
| IPS Income & Gwth | 5 | 46 24 | 44 96 | 52 09 | -0 01 | 7 00 |
| St Nicholas Ct Gr Inc | 5 | 45 73 | 46 71 | 49 96 | -0 65 | 4 58 |
| St Nicholas Ct Gr Acc | 5 | 45 89 | 47 84 | 51 17 | -0 66 | 4 58 |
| Blackstone Franks UK | 5 | 46 67 | 47 62 | 50 67 | +0 48 | 2 50 |
| Blackstone Franks Int | 5 | 49 60 | 49 50 | 52 67 | +0 29 | 2 50 |

GUIDE TO UNIT TRUST PRICING

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**Windsor Trust Mngrs Ltd (1000)F**
83 Kingsway, London, WC2B 6SD 01-405 8331

| | Init Chge | Canc Price | Bid Price | Offer Price | + or − | Yield Gr's |
|---|---|---|---|---|---|---|
| Convtbl & Equity | 5 | 62.17 | 64.64 | 68.76 | +0.90 | 5.98 |
| European | 5 | 55.51 | 56.10 | 59.68 | +0.53 | 0.48 |
| Far Eastern | 5 | 54.93 | 54.95 | 58.21 | [illegible] | 1.23 |
| Growth | 5 | 88.20 | 92.26 | 98.13 | +1.47 | 1.70 |
| Income | 5 | 82.16 | 83.97 | 89.33 | [illegible] | [illegible] |
| Property Share | 5 | 52.82 | 53.82 | 57.26 | +0.44 | 1.95 |
| Smaller Co's | 5 | 58.33 | 61.43 | 65.35 | +0.42 | 1.68 |
| Formerly RBC Trust Managers Ltd | | | | | | |
| RBC Select Gwth Inc | 5 | 60.37 | 60.37 | 64.56 | [illegible] | 1.97 |
| RBC Select Income | 5 | 66.86 | 66.86 | [illegible] | [illegible] | [illegible] |
| RBC Select Inc Acc | 5 | 71.75 | 71.75 | 76.74 | [illegible] | 3.49 |
| RBC Select N Amer | 5 | 50.85 | 50.85 | 54.21 | [illegible] | [illegible] |
| RBC Select Intl | 5 | 41.05 | 41.05 | 43.90 | [illegible] | [illegible] |

**Wright Seligman Fund Mngrs Ltd (1000)H**
11 Bloomfield St, London EC2M 7AY 01-588 0592

| | | | | | | |
|---|---|---|---|---|---|---|
| Growth | 5 | 94.26 | 94.26 | 98.26 | ... | 3.84 |

Weekly dealing day Tuesday

**The Yorkshire Unit Tst Mngrs Ltd (1200)F**
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

| | | | | | | |
|---|---|---|---|---|---|---|
| Yorkshire General | 5¼ | 59.71 | 62.16 | 66.13 | [illegible] | 3.17 |
| YGTM UK Eqty Inc Tst | 5¼ | 59.19 | [illegible] | [illegible] | [illegible] | [illegible] |
| YGTM Intl Gwth Tst | 5¼ | 46.23 | 46.23 | 49.28 | [illegible] | 1.12 |

## OTHER UK UNIT TRUSTS

**Baillie Gifford & Co Ltd**
Int'l Exmpt Feb 2 | 429.0 | 446.1 | — |

**Cent. Bd. of Fin. of Church of England**
2 Fore Street, London EC2Y 5AQ 01-588 1815

| | | | |
|---|---|---|---|
| Inv Fund Jan 31 | 492.95 | — | 4.71 |
| Fxd Int Sec Jan 31 | 143.75 | — | 9.95 |
| Deposit Jan 31 | 100.00 | — | 12.45 |

**Charities Official Invest. Funds**

**Allied Dunbar Assurance Plc**
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Fixed Int. Dep. Acc | 254.2 | 267.6 | +0.1 | — |
| Equity Acc | 860.2 | 902.4 | +0.1 | — |
| Property Acc | 478.8 | 504.1 | +0.1 | — |
| Far East Acc | 192.5 | 202.7 | −0.2 | — |
| European Acc | 19.9 | 21.0 | — | — |
| Managed Acc | 634.4 | 667.8 | +0.3 | — |
| Managed Cap | 361.8 | 380.9 | +0.2 | — |
| O'seas Earnings Acc | 533.2 | 561.9 | +1.0 | — |
| Gilt Edged Acc | 314.4 | 331.0 | +1.0 | — |
| American Equity Acc | 395.9 | 416.8 | +0.1 | — |
| American Man. Acc | 184.9 | 194.7 | +0.1 | — |
| American Prop Acc | 134.9 | 142.0 | +0.2 | — |
| Pen.F.I.Dep.Cap | 279.3 | 294.1 | +0.1 | — |
| Pen.F.I.Dep.Acc | 472.6 | 497.5 | +0.3 | — |
| Pen. Prop. Cap | 561.2 | 590.8 | +0.1 | — |
| Pen. Prop. Acc | 1048.3 | 1103.5 | +0.3 | — |
| Pen. Man. Cap | 787.4 | 828.9 | +6.8 | — |
| Pen. Man. Acc | 1470.3 | 1547.7 | +12.9 | — |
| Pen. Gilt Edg. Cap | 315.6 | 330.2 | +1.2 | — |
| Pen. Gilt Edg. Acc | 478.7 | 503.9 | +1.9 | — |
| Pen. Eq. Cap | 1289.5 | 1357.4 | +12.7 | — |
| Pen. Eq. Acc | 1825.1 | 1921.2 | +18.4 | — |
| Pen. Am. Eq. Cap | 126.9 | 133.6 | −0.3 | — |
| Pen. Am. Eq. Acc | 151.4 | 159.4 | −0.3 | — |
| Pen. Far East Cap | 231.5 | 243.7 | +2.5 | — |
| Pen. Far East Acc | 276.1 | 290.7 | +3.0 | — |
| Pen. Euro Cap | 22.5 | 23.7 | — | — |
| Pen. Euro. Acc | 24.2 | 25.5 | −0.1 | — |
| Pen. B.S. Acc | 514.4 | 540.2 | +0.4 | — |
| Pen. B.S. Cap | 312.5 | 328.2 | +0.2 | — |
| Pen. D.A.F. Acc | 368.3 | 387.3 | +0.2 | — |
| Pen. D.A.F. Cap | 246.4 | 246.4 | +0.1 | — |
| Pen. Mortgage Cap | 139.5 | 146.9 | +0.1 | — |
| Pen. Mortgage Acc | 166.4 | 175.2 | +0.1 | — |
| Barling Funds | | | | |
| Pen Eqy Cap | 27.0 | 28.5 | +0.4 | — |
| Pen Eqy Acc | 27.8 | 29.3 | +0.4 | — |
| Pen Am Eq Cap | 28.1 | 29.6 | +0.2 | — |
| Pen Am Eq Acc | 28.8 | 30.4 | +0.2 | — |
| Pen Far East Cap | 28.4 | 29.9 | +0.4 | — |
| Pen Far East Acc | 29.1 | 30.7 | +0.4 | — |

## INSURANCES

Continued on next page

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### Pioneer Mutual Insurance Co Ltd

16 Crosby Rd N. Waterloo, Liverpool 051-928 6655

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed Fund | 281.1 | 295.9 | | – |
| Man Pen Inc & Cap Fds | 364.4 | 383.5 | | – |
| Money Fund | 116.8 | 123.0 | | – |
| Pens Mngd Fd-Initl | 99.4 | 104.7 | | – |
| Pens Mngd Fd-Accl | 117.9 | 124.2 | | – |
| Pens FT30 Fd-Initl | 141.2 | 148.7 | | – |
| Pens FT30 Fd-Accl | 167.5 | 176.4 | | – |
| Pens O'seas Md Fd-Initl | 69.9 | 73.6 | | – |
| Pens O'seas Md Fd-Accl | 82.9 | 87.3 | | – |
| Pens Fxd Int Fd-Initl | 125.5 | [illegible] | | – |
| Pens Fxd Int Fd-Accl | 125.2 | 131.8 | | – |
| Pens Deposit Fd-Initl | 103.0 | 108.5 | | – |
| Pens Deposit Fd-Accl | 122.3 | 128.8 | | – |

### Premium Life Assurance Co Ltd

37-39 Perrymount Road Haywards Heath 0444 458721

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| American | 113.0 | 119.0 | | – |
| Building Soc. Fd | 167.0 | 176.0 | | – |
| Balanced | 263.0 | 277.0 | | – |
| Deposit | 159.0 | 175.0 | | – |
| European | 149.0 | 156.0 | | – |
| GT Managed | 170.0 | 179.0 | | – |
| Gartmore Mngd | 110.0 | 116.0 | | – |
| German | 103.0 | 109.0 | | – |
| Gilt | 172.0 | 182.0 | | – |
| Global | 48.0 | 51.0 | | – |
| High Inc | 109.0 | 115.0 | | – |
| International Equity | 127.0 | 133.0 | | – |
| Japan | 232.0 | 245.0 | | – |
| Managed | 60.0 | 64.0 | | – |
| Property | 272.0 | 287.0 | | – |
| R W Imperial Gold | 125.0 | 132.0 | | – |
| UK Equity | 348.0 | 367.0 | | – |
| **Pension Funds** | | | | |
| American | 131.0 | 138.0 | +5.0 | – |
| Building Soc. Fd | 164.0 | 173.0 | -1.0 | – |
| Balanced | 204.0 | 215.0 | -4.0 | – |
| Deposit | 159.0 | 162.0 | | – |
| European | 149.0 | 156.0 | +2.0 | – |
| German | 94.0 | 99.0 | -1.0 | – |
| Gilt | 144.0 | 152.0 | -2.0 | – |
| International Equity | 127.0 | 134.0 | -3.0 | – |
| Japan | 135.0 | 143.0 | +1.0 | – |
| Managed | 60.0 | 64.0 | +1.0 | – |
| Property | 212.0 | 223.0 | +1.0 | – |
| UK Equity | 309.0 | 326.0 | +9.0 | – |

### Prudential Holborn Pensions Ltd

30 Old Burlington St, London W1X 1LB 01-439 3134

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed | 531.3 | 559.3 | -6.5 | – |
| Equity | 772.6 | 813.3 | +13.0 | – |
| Global Equity | 216.4 | 227.8 | -2.1 | – |
| Fixed Interest | 320.7 | [illegible] | -0.9 | – |
| Property | 365.9 | 385.4 | -0.1 | – |
| Cash | 149.4 | 157.3 | -0.1 | – |
| Index Linked Gilt | 180.9 | 190.5 | -0.2 | – |
| Guaranteed | 11.75 | 12.40 | | – |
| International Money | 191.6 | [illegible] | -0.3 | – |
| North American | 60.0 | [illegible] | -0.1 | – |
| Japanese | 138.1 | 145.6 | -0.5 | – |
| European | [illegible] | [illegible] | [illegible] | – |
| Special Situations | 114.4 | 121.0 | -1.1 | – |
| Commonwealth | 90.5 | 95.3 | -1.1 | – |
| Smaller Companies | 103.7 | 109.2 | [illegible] | – |
| International Small Cos. | 114.9 | 121.0 | +0.1 | – |

### Prudential Pensions Limited

Holborn Bars, London EC1N 2NH 01-405 9222

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Discretionary Jan 25 | £136.97 | 143.?? | | – |
| Equity Jan 25 | £149.40 | 154.95 | | – |
| International Jan 25 | £22.94 | [illegible] | | – |
| Intl Bond Jan 25 | £21.16 | [illegible] | | – |
| Fixed Int Jan 25 | £71.07 | 72.02 | | – |
| Index Linked Jan 25 | £57.70 | 59.63 | | – |
| Property Jan 25 | £102.72 | 109.63 | | – |
| Cash Jan 25 | £19.9295 | 19.9296 | | – |
| **Pru-Linked Retirement Plan** | | | | |
| Managed Feb 1 | 354.6 | 365.4 | | – |
| Cash Feb 1 | 152.1 | 196.0 | | – |
| **Prudential Pensions Investment Account** | | | | |
| Pens Mngd Feb 3 | 144.6 | 152.3 | -0.3 | – |
| Pens UK Eq Feb 3 | 200.0 | 230.0 | -2.5 | – |
| Pens Intl Feb 3 | 206.6 | 219.4 | -0.6 | – |
| Pens Fixed Feb 3 | 165.3 | 174.0 | -0.3 | – |
| Pens Index Lk Feb 3 | 149.5 | 157.4 | -0.4 | – |
| Pens Cash Feb 3 | 123.0 | 124.5 | | – |

### Regency Life Assurance Co Ltd

Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Aggressive Ptflio Fd | 112.5 | 119.4 | +0.7 | – |
| Balanced Ptflio Fd | 298.4 | 314.0 | -2.1 | – |
| Cautious Ptflio Fd | 118.8 | 125.0 | -0.6 | – |
| Elite Fund | 102.1 | 107.4 | -0.8 | – |

### Scottish Amicable

150 St Vincent St, Glasgow 041-248 2323

### Scottish Equitable Life Assce. Soc.

28 St Andrew Sq, Edinburgh 031-556 9101

### Scottish Life Investments

### Scottish Mutual Assurance Society

### Scottish Mutual Investments

### Scottish Provident Institution

### Scottish Widows' Group

### Shield Assurance Ltd

### Skandia Life Assurance Co Ltd

### Skandia Life Assurance Co Ltd – Contd.

### Standard Life Assurance Company

### Sun Alliance Insurance Group

### Sun Life of Canada (UK) Ltd

### Sun Life Unit Assurance Ltd

### Swiss Life Pensions Ltd

### TSB Life Ltd

### Target Life Assurance Co Ltd

### Teachers' Assurance Company Ltd

### Tunbridge Wells Equitable

### UK Life Assurance Co Ltd

### Wesleyan & General Assurance Soc

### Windsor Life Assce. Co Ltd

### Zurich Life Assurance Co Ltd

### Providence Capital Life Assc. Co Ltd

### Provident Life Assoc Ltd

### Provident Mutual Life Assc. Assn.

### Prudential Assurance Co

### Prudential Holborn Life Ltd

### Prolific Life & Pensions Ltd

### Property Equity & Life Ass. Co

### Property Growth Assur Co Ltd

### Reliance Mutual

### Royal Heritage Life Assurance Ltd

### Royal Life Insurance Ltd

### Royal Liver Assurance

### Save & Prosper Group

## MANAGEMENT SERVICES

### David M. Aaron (Personal Fin. Plnrs.) Ltd

### The Analysis Group PLC

### Blackstone Franks Plc

### Bryan Wells & Partners Ltd

### Cameron Law & Company Ltd

### James Campbell & Son Financial Services

### Chase de Vere PLC

### Clifton Financial Mgmt Ltd

### Drummond Moores Plc

### First Financial Services PLC

### The Fitzgrade Group

### Gartmore Fund Managers Ltd

### Hinton Hill (G. & P.) Ltd

### Hurstminster Financial Services (CY) Ltd

### Investment Portfolio Services Ltd

### Johnson Fry Financial Services Ltd

### Knight Williams & Company Ltd

### Lamont & Partners Plc

### M & E Financial Management Plc

### Marsh Financial Management Ltd

### Noble Lowndes & Partners Ltd

### O'Halloran & Co/Comlywide

### PBR Fund Management Ltd

### The Porchester Group

### Roxborough Financial Management Ltd

Road, London EC2A 3BX 01-739 7117

### Rutland Insurance Broking & Inv Grp Ltd

Peterborough, PE2 9BB 0733 42200

### Sharp (Albert E) & Co

### Siltala Fund Managers Limited

### Tattersall Investment Mngt. Ltd

### Torry Law & Co

### University Medical General Ltd

### J. D. Ward Financial Services Ltd

### Yorkshire & Lancashire Investment Mgt.

## OFFSHORE AND OVERSEAS

## GUERNSEY AUTHORISED

### Framlington Overseas Fund Mngt Ltd

### John Govett Mngmnt International Ltd

### Grofund Invest Managers (Guernsey) Ltd

### Guinness Flight Fd Mngrs (Guernsey) Ltd

### Hambros Fd Mgrs (CI) Ltd

### Kleinwort Benson (Guernsey) Fd Mngrs Ltd

### NM Schroder Financial Mgmt Intl Ltd

### Prudential Intl Financial Services Ltd

### Royal Bank of Canada Funds

RBC Offshore Fund Managers Ltd

PO Box 246, St Peter Port, Guernsey 0481 23021

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Intl Bond Fd | 5 | $11.41 | 11.41 | 12.03 | (z) | 3.33 |
| Intl Capital Fd | 5 | $43.70 | 45.52 | 49.28 | (z) | – |
| North America Fd | 5 | $13.11 | 13.11 | 14.15 | (z) | – |
| Far East & Pacific Fd | 5 | $32.67 | 32.67 | 35.22 | (z) | – |
| Canadian Fd. | 5 | C$13.51 | 13.51 | 14.54 | (z) | – |
| **RBC Intl Currencies Fd Ltd** | | | | | | |
| US$ | | $– | | 31.08 | +0.02 | – |
| Canadian $ | | C$– | | 40.57 | +0.03 | – |
| £ Sterling | | £– | | 17.41 | +0.02 | – |
| D-Mark | | DM– | | 62.18 | +0.02 | – |
| Swiss Francs | | SFr– | | 46.77 | +0.01 | – |
| Japanese Yen | | Y– | | 7702 | +2 | – |
| Managed Fund | | $– | | 98.14 | +0.01 | – |

Latest RBC Fund Prices 24hr service 0481 710596

## JERSEY AUTHORISED

### Capital House Fund Mngrs. (C.I.) Ltd

### Citibank (CI) Ltd "Citifunds"

### EBC Trust Company (Jersey) Ltd

### Foreign & Colonial Mngmt (Jersey) Ltd

### John Govett (Channel Islands) Ltd

### Lloyds Bank (CI) U/T Mgrs.

### NM Britannia International Limited

### Royal Trust Jsy Fd Mngt Ltd

### Save & Prosper International

### TSB Trust Funds (CI)

### Tyndall International (Jersey) Ltd

### Warburg Investment Management Jersey Ltd

## IoM AUTHORISED

### Allied Dunbar International Fund Mgrs.

### Amer Global Funds Ltd

### Barclays Intl Funds

### Equity & Law Intl Fund Mgs Ltd

### Carbmore Fund Managers (IoM)

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Intl Grth Feb 02 | 5 | 457.2 | 457.2 | 486.4 | | – |

### Hellerup Scandinavian Fund Ltd

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Scandinavia Fd | 5 | $148.06 | 148.06 | 158.81 | | 2.0 |

### Mercury Fund Managers Isle of Man Ltd

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Merc IoM Fund | 5 | 123.5 | 124.1 | 132.1 | +1.0 | 7.4 |
| Merc Intl Bond | 5 | 48.58 | 48.50 | 51.18 | -0.05 | 10.2 |

### Refuge Overseas

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Master Fd A | 3½ | 99.29 | 99.80 | 103.43 | +0.17 | 7.25 |
| Gilt Fd | 3½ | 99.09 | 99.23 | 102.83 | +0.18 | 9.25 |
| US Dollar Bond | 3½ | 98.92 | 99.14 | 102.70 | +0.28 | 8.75 |

### Tyndall International Gilt of Man Ltd

## LUXEMBOURG AUTH'D

### Eagle Star Intl-Global Assets Fund

## BERMUDA AUTHORISED

### GT Management Plc

## OFFSHORE INSURANCES

### Albany International Assurance Ltd

### CMI Insurance Co Ltd

### Eagle Star International

### Equity & Law Intl Life Assce Co Ltd

### Eurolife Assurance Group

### Fleece International Ltd

### Hansard International Ltd

### Isle of Man Assurance Ltd

### NM Schroder Life Assurance Intl Ltd

### Premium Life International Ltd

### Providence Capital International Ltd

### Royal Life Intl. Ltd

### Royal Skandia Life Assurance Ltd

### Sun Alliance International Life

# FT UNIT TRUST INFORMATION SERVICE

[illegible]

## OTHER OFFSHORE FUNDS

[illegible]

# LONDON SHARE SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1988/89 High | Low | Stock | Price £ | + or - | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 101 | 98 | Treas 9½pc Cnv 1989 | 99 | + | 9.55 | 12.17 |
| 98 | 95 | Treas 3pc 1989 | 98 | + | 3.05 | 9.67 |
| 102 | 98 | Treas 10½pc 1989 | 99 | + | 10.57 | 12.30 |
| 102 | 98 | Exch 10pc 1989 | 99 | + | 10.10 | 12.31 |
| 103 | 98 | Exch 11pc 1989 | 99 | + | 11.08 | 12.18 |
| 97 | 94 | Treas 5pc 1986-89 | 96 | + | 5.18 | 10.18 |
| 104 | 98 | Exch 10¼pcCv '89 | 99½ | + | 10.31 | 11.06 |
| 107½ | 101¼ | Treas 13pc 1990‡‡ | 101 | + | 12.81 | 11.30 |
| 104 | 99 | Exch 11pc 1990‡‡ | 99 | + | 11.02 | 11.24 |
| 107 | 100 | Exch. 12½pc 1990 | 101 | + | 12.35 | 11.36 |
| 93 | 90 | Treas. 3pc 1990 | 92 | + | 3.24 | 9.53 |
| 99 | 95 | Treas 8¼pc 1987-90‡‡ | 96 | + | 8.54 | 10.98 |
| 102 | 95 | Treas. 8pc Cv 1990 ‡‡ | 98 | + | 8.17 | 9.58 |
| 103 | 97¼ | Treas. 10pcCv 1990 | 98 | + | 10.16 | 11.04 |
| 91 | 87 | Exch 2½pc 1990 | 89 | + | 2.80 | 9.08 |
| 107 | 100 | Treas 11¾pc 1991 | 101 | + | 11.58 | 10.90 |
| 95 | 89 | Funding 5¾pc '87-91‡‡ | 91 | + | 6.28 | 10.22 |
| 90 | 86 | Treas. 3pc 1991 | 88 | + | 3.41 | 9.02 |
| 105 | 97 | Treas 10pc Cv '91 ‡‡ | 99 | + | 10.04 | 10.19 |
| 107 | 98 | Exch. 11pc 1991 | 100 | + | 10.91 | 10.63 |
| 98 | 91 | Treas. 8pc 1991 | 94 | + | 8.51 | 10.50 |
| 113 | 103 | Treas 12¾pc 1992‡‡ | 106¼ | + | 12.02 | 10.31 |
| 104 | 96 | Treas 10pc 1992 | 99 | + | 10.08 | 10.34 |
| 98 | 91¼ | Treas. 8pc 1992 ‡‡ | 93 | + | 8.52 | 10.29 |
| 106 | 98 | Treas 10¼pc Cv 1992‡‡ | 100 | + | 10.46 | 10.34 |

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

## BRITISH FUNDS—Contd

Undated

| 1988/89 High | Low | Stock | Price £ | + or - | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 44 | 41 | Consols 4pc | 44 | +⅛ | 8.93 | - |
| 40 | 37 | War Loan 3½pc‡‡ | 40 | +⅛ | 8.72 | - |
| 65 | 48 | Conv. 3½pc '61 Aft | 65 | +2 | 5.36 | - |
| 33 | 30 | Treas. 3pc '66 Aft | 33 | +⅛ | 8.97 | - |
| 28¼ | 26⅛ | Consols 2½pc | 28¼ | +⅛ | 8.85 | - |
| 29 | 26⅛ | Treas. 2½pc | 28 | +⅛ | 8.87 | - |

Index-Linked

| 1988/89 High | Low | Stock (b) | Price £ | + or - | (1) | (2) |
|---|---|---|---|---|---|---|
| 125 | 117½ | Treas 2pc IL '90(84.6) | 125 | + | 0.41 | 3.09 |
| 105 | 99 | Do. 2pc '92‡‡(97.8) | 105 | + | 3.64 | 3.48 |
| 96 | 92½ | Do. 2 '94 (102.9) | 96 | +½ | 3.04 | 3.54 |
| 142 | 127 | Do. 2pc '96(67.9) | 141 | + | 3.25 | 3.60 |
| 121 | 103 | Do 2½pc '01(78.3) | 121 | + | 3.56 | 3.60 |
| 119½ | 101¼ | Do. 2½pc '03(78.8) | 119½ | + | 3.40 | 3.61 |
| 122 | 102½ | Do. 2pc '06(69.5) | 122 | + | 3.47 | 3.64 |
| 114 | 95 | Do. 2½pc '09(78.8) | 114 | + | 3.46 | 3.62 |
| 119½ | 99 | Do. 2½pc '11(74.6) | 119½ | + | 3.45 | 3.60 |
| 99 | 82 | Do. 2½pc '13(89.2) | 99 | + | 3.43 | 3.57 |
| 107 | 88 | Do. 2½pc '16(81.6) | 107 | + | 3.40 | 3.54 |
| 105 | 87 | Do. 2½pc '20(83.0) | 105 | + | 3.37 | 3.49 |
| 88 | 73 | Do. 2½pc '24‡‡(97.7) | 88 | + | 3.33 | 3.44 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for May 1988 106.2 and for December 1988:110.3

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

| 1988/89 High | Low | Stock | Price £ | + or - | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 29½ | 22¼ | Abbott Laboratories§ | 28 | +⅛ | $1.20 | - | 2.4 |
| 649p | 340p | ♥Allegheny & W 1c | 473p | +30 | 30c | - | 3.5 |
| 15 | 862p | Amax $1 | 15⅛ | - | 40c | - | 1.4 |
| 15 | 8 | Amdahl 5c | 11¼ | -⅛ | h10c | - | 0.5 |
| 31 | 22 | Amer. Cyanamid $5 | 29⅛ | ..... | $1.20 | - | 2.3 |
| 27 | 11¾ | Amer. Express 60c | 17 | ..... | 84c | - | 2.6 |
| 10⅝ | 668p | Amer. Medical Int. $1 | 944p | -6 | ♦72c | - | 4.2 |
| 18¼ | 13⅞ | American T & T. $1 | 18¼ | + | $1.20 | - | 3.6 |
| 29¾ | 22 | Ameritech $1 | 29½ | -⅛ | h$2.92 | - | 5.5 |
| 19⅝ | 15¾ | Anheuser-Busch $1 | 19 | ..... | 72c | - | 2.1 |
| 12 | 3⅝ | BankAmerica $1§ | 11 | - | | - | - |
| 24⅜ | 16 | Bankers N.Y. $1 | 22 | -⅛ | $1.86 | - | 4.7 |
| 43 | 34¼ | Bell Atlantic $1 | 42¾ | -¼ | $4.08 | - | 5.3 |
| 25⅞ | 19⅝ | BellSouth Corp. | 24⅛ | -⅛ | $2.36 | - | 5.4 |
| 15¼ | 850p | ♥Bethlehem Steel $8 | 15 | - | - | - | - |
| 13¼ | 801p | ♥Bio-Rad Labs. A | 995p | -11½ | - | - | - |
| 23⅜ | 14 | Bowater Inc. | 16½ | +¼ | $1.12 | - | 3.8 |
| 16 | 11⅛ | Browning-Ferris 16.6c. | 16 | - | 56c | - | 1.9 |
| 13¼ | 787p | Brunswick 75c | 10 | - | 44c | - | 2.3 |
| 33¼ | 21⅝ | CPC Intnl. 25c | 30 | -⅛ | $1.44 | - | 2.6 |
| 18⅞ | 13¼ | CSX $1 | 18¼ | ..... | $1.24 | - | 3.7 |
| 14 | 134p | California Engy | 14 | +2¼ | - | - | - |
| 16¼ | 11½ | CalFed Inc $1 | 15¼ | +3½ | $1.40 | - | 4.9 |
| 20¼ | 12⅝ | Campbell Soup 15c | 18⅛ | ..... | 84c | - | 2.6 |
| 39⅜ | 31⅞ | Caterpillar Inc $1 | 35¼ | +⅛ | $1.20 | - | 1.9 |
| 18½ | 11¼ | Chase Manhattan $12½ | 17¾ | ..... | $2.16 | - | 6.7 |
| 19 | 11¼ | Chem. Banking Corpn. | 19 | +⅛ | $2.72 | - | 7.9 |
| 16¼ | 11 | Chrysler $6¼ | 16 | - | $1.00 | - | 3.4 |
| 15⅞ | 9 | Citicorp $1 | 15½ | - | $1.46 | - | 5.3 |
| 297p | 167p | CityFed Fin. Corp. | 179¼p | -19½ | 4c | - | 1.2 |
| 28¼ | 20⅞ | Colgate-Palmolive $1 | 26¼ | +⅛ | s$1.48 | - | 3.1 |
| 21½ | 13½ | Cons Freightwys 62½c | 21 | ..... | 98c | - | 2.6 |
| 14 | 536p | Cont'l Bank Corp $4. | 11⅝ | +⅛ | 8c | - | 0.4 |
| 14p | 6¼p | Cont Illinois Hldgs $1 | 7p | ..... | - | - | - |
| 428p | 117p | ♥Corporate Data Scnce | 367p | ..... | - | - | - |
| 510p | 234p | Cullinet Sftwr 1c | 379p | +8 | - | - | - |
| 22⅞ | 17⅞ | Dana Corp. $1 | 22⅝ | +⅛ | $1.60 | - | 3.9 |
| 15¼ | 943p | Data General | 10½ | +⅛ | - | - | - |
| 32⅝ | 24½ | Dun & Bradstreet $1 | 31⅝ | -⅛ | $1.74 | - | 3.0 |
| 49⅞ | 27 | Eaton Corpn. 50c | 33 | -⅛ | h$2.00 | - | 3.4 |
| 10 | 9 | Echlin Inc. | 10 | +⅛ | 59c | - | 3.3 |
| 18⅝ | 14⅞ | FPL Group 1c | 18 | + | $2.20 | - | 6.8 |
| 31⅞ | 20 | Ford Motor $1 | 31 | +⅛ | $2.40 | - | 4.2 |
| 33⅞ | 20 | GATX 62½c | 32 | -⅛ | $1.80 | - | 3.1 |
| 27¾ | 20⅝ | Gen Elect. 63c | 27½ | - | $1.64 | - | 3.3 |
| 700p | 425p | ♥General Host Corp $1 | 551p | +8 | 28c | - | 2.8 |
| 25 | 15¼ | Gillette $1 | 20½ | +⅛ | 86c | - | 2.3 |
| 803p | 474p | Gt Am First Svgs Bk $1 | 680p | +9 | 60c | - | 4.9 |
| 21¼ | 13⅝ | Greyhound $1½ | 17 | + | $1.32 | - | 4.2 |
| 10 | 654p | Hasbro Inc 50c | 959p | +2 | 12c | - | 0.9 |
| 8⅛ | 5¾ | Home Group $1 | 7⅛ | -⅛ | 20c | - | 1.6 |
| 42 | 26 | Honeywell $1½ | 36⅛ | +½ | $2.10 | - | 3.2 |
| 28⅛ | 15¼ | Hospital Corp Am $1. | 26⅞ | ..... | 72c | - | 1.5 |
| 19⅛ | 14⅝ | Houston Inds.§ | 16½ | -⅛ | $2.96 | - | 9.9 |
| 75⅝ | 55¾ | IBM Corpn $1¼ | 73 | ..... | $4.40 | - | 3.3 |
| 31 | 23⅝ | ITT Corpn. $1 | 31 | +½ | $1.48 | - | 2.6 |
| 105p | 40p | ♥Image Storage/R.Sys.1cy | 50p | ..... | - | - | - |
| 26⅝ | 17⅞ | Ingersoll-Rand $2 | 22 | ..... | $1.04 | - | 2.6 |
| 26⅞ | 18½ | Lockheed Crpn. $1 | 26⅞ | +1 | $1.60 | - | 3.3 |
| 19¼ | 11½ | Lone Star Inds $1 | 17 | + | $1.90 | - | 6.1 |
| 19¾ | 15¾ | Louisiana Land 15c | 18⅝ | +⅛ | $1.00 | - | 3.0 |
| 13¾ | 860p | Lowe's 50c | 12¾ | ..... | 48c | - | 2.1 |
| 18 | 10¼ | Manuf. Hanover $1 | 17 | + | $3.28 | - | 10.4 |
| 17 | 11 | Merrill Lynch $1 | 17 | + | $1.00 | - | 3.2 |
| 2437p | 1137p | Molex Inc | 2232p | +5 | 3.2c | - | - |
| 23⅛ | 16½ | Morgan (JP) $2½ | 20½ | -¼ | $1.66 | - | 4.5 |
| 40⅛ | 32⅝ | NYNEX $1 | 39⅞ | +⅛ | $4.04 | - | 5.6 |
| 20⅞ | 15 | PHH Corp. § | 18⅞ | ..... | $1.12 | - | 3.3 |
| 308p | 99p | ♥Pacific Agr § | 230p | ..... | - | - | - |
| 21⅝ | 16⅞ | Pacificorp $3¼ | 19⅝ | -⅛ | $2.64 | - | 7.4 |
| 19 | 13¾ | Pacific Telesis 10c | 18¾ | -¼ | $1.76 | - | 5.2 |
| 18⅛ | 13⅛ | Pall Corp. 25c | 17¼ | +¼ | 40c | - | 1.3 |
| 45 | 34½ | Pennzoil 83 1/3c | 45⅜ | - | $3.00 | - | 3.7 |
| 21⅛ | 11⅞ | Premark Intl | 18¼ | + | 60c | - | 1.8 |
| 34⅛ | 21⅞ | Quaker Oats $5 | 30⅞ | - | $1.20 | - | 2.1 |
| 56¼ | 23⅞ | RJR Nabisco Inc | 56 | -⅛ | ♦$2.20 | - | 2.2 |
| 29 | 21 | Rep NY Corpn $5 | 25⅝ | ..... | $1.20 | - | 2.6 |
| 13⅛ | 9 | Rockwell Intl. $1 | 12⅝ | ..... | 72c | - | 3.2 |
| 28 | 18⅜ | Sara Lee $11/3 | 27 | -⅛ | $1.44 | - | 2.9 |
| 25 | 18 | Southwestern Bell $1. | 24½ | -⅛ | $2.48 | - | 5.6 |
| 20 | 12 | Sun Co. Inc. $1 | 20⅛ | ..... | $1.80 | - | 4.9 |
| 29 | 22¼ | TRW Inc. 62½c | 25⅜ | ..... | $1.72 | - | 3.7 |
| 15⅞ | 754p | TW Services $5 | 15 | ..... | 10c | - | 0.3 |
| 28⅞ | 21¼ | Tenneco $5 | 28⅝ | -¼ | $3.04 | - | 5.9 |
| 31 | 19 | Texaco $6.25 | 28¼ | -⅛ | ♦$3.00 | - | 5.8 |
| 27⅛ | 19⅛ | Texas Instr. $1 | 24 | - | 72c | - | 1.6 |
| 70 | 43¼ | Time Inc. $1 | 63¾ | - | $1.00 | - | 0.9 |
| 21½ | 15⅞ | Transamerica $1 | 19¼ | ..... | $1.84 | - | 5.3 |
| 20⅛ | 13½ | TRINOVA Corp. | 16 | +⅛ | 64c | - | 2.2 |

Continued on next page

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

| | | | | |
|---|---|---|---|---|
| Treasury Acc. | 12.00 | 9.21 | 12.71 | Qtr |
| Mth Int Chq £1000-£5000 | 11.75 | 9.02 | 12.54 | Mth |
| Mth Int Chq £5,000+ | 12.00 | 9.21 | 12.81 | Mth |

Bank of Ireland High Interest Cheque Acc
36 Queen St, EC4R 1BN 01-329 4500

| | | | | |
|---|---|---|---|---|
| 2,000-9,999 | 11.726 | 9.000 | 12.411 | Qtr |
| £10,000+ | 12.052 | 9.250 | 12.768 | Qtr |

Bank of Scotland

[illegible]

## Money Market Trust Funds

[illegible]

## Money Market Bank Accounts

[illegible]

# LONDON SHARE SERVICE



## AMERICANS—Contd

| 1988/89 High | Low | Stock | Price £ | + or − | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | USX $1 | 18[illegible] | −[illegible] | $1.40 | — | 4.2 |
| 1[illegible] | [illegible] | ♦Unitas | 131p | .... | — | — | — |
| 25[illegible] | 17[illegible] | Utd. Technologies | 25[illegible] | +[illegible] | $1.60 | — | 3.5 |
| 163[illegible] | 27[illegible] | ♦Unitech Inc | 149p | .... | — | — | — |
| [illegible] | 26[illegible] | US West $ | 35[illegible] | −[illegible] | $3.52 | — | 5.5 |
| [illegible] | 16[illegible] | Waste Management $1 | 25 | −[illegible] | 45c | — | 1.1 |
| 16[illegible] | 12[illegible] | Whirlpool $1 | 15 | .... | $1.10 | — | 4.1 |
| 20[illegible] | 15 | Whitman Corp | 19[illegible] | .... | 96c | — | 2.8 |
| [illegible] | 15[illegible] | ♦Woolworth $3½ | 31[illegible] | +[illegible] | $1.64 | — | 2.9 |

## CANADIANS

## BANKS, HP & LEASING

### Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS—Contd

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Contd

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS (Miscel.)—Contd

## INDUSTRIALS (Miscel.)—Contd.

## INSURANCES

## LEISURE

# LONDON SHARE SERVICE

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## LEISURE—Contd

## MOTORS, AIRCRAFT TRADES

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## PROPERTY—Contd

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TEXTILES—Contd

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## TRUSTS, FINANCE, LAND—Contd

### Finance, Land, etc

## OIL AND GAS

## OIL AND GAS—Contd

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Diamond and Platinum

### Central African

### Finance

### Australians

## MINES—Contd

### Tins

### Miscellaneous

## THIRD MARKET

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 65 | 56 | Remaminster 5p ... y | 65xd | ...... | u1.0 | 4.3 | 2.1 | 15.2 |
| 237 | 150 | Royal Sovereign 10p. y | 190 | +2 | †4.6 | 1.9 | 3.2 | 17.8 |
| 26 | 20 | Scott Pickford 10p. y | 21 | ...... | 3.1 | 0.7 | 19.7 | 10.9 |
| 116 | 68 | Season Hldgs.... y | 101 | ...... | Z1.0 | – | 1.3 | – |
| 15½ | 7 | Sonic Tape 2½p.... y | 8½ | –½ | – | – | – | 11.2 |
| 27 | 15 | Staks Hldgs. 5p.... y | 16 | –1 | – | – | – | 18.9 |
| *4½ | 1¾ | Swanyard Studios 1p y | 2 | ...... | – | – | – | ♦ |
| 340 | 200 | Takare. ........... y | 340 | +22 | b1.0 | 8.1 | 0.4 | 34.9 |
| 36 | 26 | Tomorrows Leisure 20p y | 28 | ...... | – | – | – | 13.9 |
| 25 | 13½ | Tullow Oil 10p.... y | 17 | –1 | – | – | – | – |
| 135 | 100 | UPL Group 10p. ..y | 180 | ...... | L2.41 | 4.3 | 3.2 | 13.6 |
| 182 | 120 | Unit Group ....... y | 145 | ...... | F7.5 | 2.9 | 6.9 | 8.2 |
| 17½ | 12½ | Whitegate Leisure 20p y | 15½ | –½ | – | – | – | – |
| 12 | 6 | Do Wrrnts ..... y | 11½ | ...... | – | – | – | – |
| 6½ | 2 | Wilton Group 1p. . y | 5 | ...... | – | – | – | – |

### NOTES

Stock Exchange dealing classifications are indicated to the right of security names α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on *middle prices, are gross,* adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ⊜ "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◊ *Figures or report awaited*
- ● Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♠ Not comparable
- ♣ Same interim, reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ▌ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on *latest annual earnings. u Forecast, or estimated annualised* dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield B Preference dividend passed or deferred. C Canadian E Minimum tender price F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and *yield after pending scrip and/or rights issue.* H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90 P Figures based on prospectus or other official estimates for 1987 Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed W Pro forma figures Z Dividend total to date. Abbreviations xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | |
|---|---|---|
| Albany Inv 20p.... y | 75 | +2 |
| Craig & Rose £1 y | 710 | ...... |
| Finlay Pkg. 5p.... y | 89 | ...... |
| Holt (Jos) 25p.... y | 1235 | ...... |

### IRISH

| | | |
|---|---|---|
| Cap 8¾% Ln 1991 | £99½ | ...... |
| 9pc Cap Ln 1995. | £100 | –½ |
| Fin 13% 97/02... | £122½ | ...... |
| Arnotts............ | 415 | +10 |
| Carrol (P.J.)....... y | 165 | –1 |
| Hall (R. & H.)....... | 165 | –5 |
| Helton Hldgs....... y | 67 | ...... |
| Irish Ropes.......... | 165 | ...... |

## TRADITIONAL OPTIONS

3-month call rates

| Industrials | p |
|---|---|
| Allied-Lyons | 40 |
| Amstrad | 15 |
| BAT | 49 |
| BOC Grp | 36 |
| BSR | 7½ |
| BTR | 26 |
| Barclays | 34 |
| Beecham | 40 |
| Blue Circle | 39 |
| Boots | 20 |
| Bowaters | 38 |
| Brit Aerospace | 42 |
| Brit Telecom | 21 |
| Burton Ord | 18 |
| Cadburys | 31 |
| Charter Cons | 45 |
| Comm Union | 28 |
| Courtaulds | 26 |
| FKI Babcock | 13 |
| FNFC | 21 |
| Gen Accident | 71 |
| GEC | 15 |
| Glaxo | 90 |
| Grand Met | 38 |
| GUS 'A' | 99 |
| Guardian | 16 |
| GKN | 28 |
| Hanson | 12 |
| Hawker Sidd | 46 |
| ICI | 65 |
| Jaguar | 22 |
| Ladbroke | 38 |
| Legal & Gen | 26 |
| Lex Service | 34 |
| Lloyds Bank | 29 |
| Lucas Inds | 48 |
| Marks & Spencer | 15 |
| Midland Bk | 35 |
| Morgan Grenfell | 28 |
| NEI | 12 |
| Nat West Bk | 45 |
| *P & O Dfd* | 48 |
| Plessey | 15 |
| Polly Peck | 28 |
| Racal Elect | 25 |
| RHM | 32 |
| Rank Org Ord | 63 |
| Reed Intnl | 38 |
| STC | 24 |
| Sears | 13 |
| TI | 32 |
| TSB | 9 |
| Tesco | 12 |
| Thorn EMI | 55 |
| Trust Houses | 24 |
| T&N | 16 |
| Unilever | 42 |
| Vickers | 15 |
| Wellcome | 42 |
| **Property** | |
| Brit Land | 30 |
| Land Securities | 52 |
| MEPC | 50 |
| Peachey | 54 |
| **Oils** | |
| Brit Petroleum | 21 |
| Do. (P Paid) | 12 |
| Burmah Oil | 48 |
| Calor | 35 |
| *Charterhall* | 2½ |
| Premier | 9 |
| Shell | 85 |
| Ultramar | 21 |
| **Mines** | |
| Cons Gold | 100 |
| Lonrho | 38 |
| RTZ | 49 |

*This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.*

FINANCIAL TIMES
Weekend February 4/February 5 1989



# G7 agrees to focus on exchange rate policy

By Peter Norman and Peter Riddell in Washington

THE world's seven leading industrial countries agreed in Washington yesterday to intensify their economic policy co-ordination with the aim of stabilising exchange rates and reducing imbalances.

Mr Pierre Beregovoy, the French finance minister, told reporters that Mr Nicholas Brady, the US Treasury Secretary, had pledged to reduce the US deficit in the revised Budget plans which will be submitted to Congress next Thursday. This pledge was made in meetings between the US, Japan, West Germany, France, Britain, Italy and Canada.

Mr Beregovoy said the finance ministers and central bank governors of the Group of Seven countries hoped that economic policy aimed at exchange rate stabilisation would cause interest rates to level off. In recent months short-term rates have edged up in most industrial countries while long-term rates have remained stable or even declined in some countries. Mr Beregovoy said the meeting judged that this trend was satisfactory.

Talking to reporters before the ministers resumed talks yesterday, he said "there was no reason to be worried" about inflationary pressures in most industrial countries, but underlined that G7 would continue to watch price trends closely.

He added that it was important that *the G7 countries* stepped up co-operation to reduce the imbalances between the huge US current account balance of payments deficit, running at about $130bn (£74bn) a year, and the corresponding *surpluses of Japan* and West Germany.

The two-day meeting had been billed as low-key and routine, but it gained significance because of the imminence of budgets in the US, Britain and Canada, and the determination of the Bush Administration to take action to ease the international debt crisis.

After discussing the economic outlook on Thursday evening, the ministers turned yesterday to debt problems. A *consensus has grown among* the seven nations that more must be done to ease the burden of the middle-income countries of Latin America and to ensure that they share more in world growth.

*The Bush Administration* fears for the future of democracy in many Central and South American countries. The G7 ministers are more confident about applying market-oriented policies to reduce *debtor nations' borrowings* after two years of strong growth and low inflation in the industrial world.

No decisions on debt were taken yesterday, although a number of ideas were put forward. France has proposed *that a fund should be created* to guarantee interest payments by debtor nations which choose to convert their bank debt into other forms of finance, such as long-term bonds. A feature of the French *plan opposed* by other countries is that the fund should be created through an issue of Special Drawing Rights, the reserve asset of the International Monetary Fund.

Japan has also put forward plans to ease the Latin American debt burden. The US Treasury is preparing proposals to carry forward the so-called Baker plan for encouraging increased flows of finance to heavily indebted countries. The US ideas, which focus on debt reduction, are expected to be refined later this month.

These issues will be resolved either at the meeting of the IMF's policy-making interim committee in two months or at the seven nation heads of *government summit in Paris* on July 14.

This week's discussions have been marked by an unusual degree of harmony, in contrast with some previous G7 meetings. The G7 meetings saw the reaffirmation of co-operation following the inauguration of President George Bush and changes in some of the participants, notably the debut of Mr Tatsuo Murayama, the Japanese finance minister.

The G7 talks were preceded by a secret meeting of the G5 countries, comprising the G7 ministers minus those from Italy and Canada, which focused on currency matters and reaffirmed the desirability of stability.

On Thursday evening the G7 was joined by Mr Michel Camdessus, managing director of the IMF, for discussion on the economic outlook in the group and the individual countries.

# Paraguay president toppled in army coup

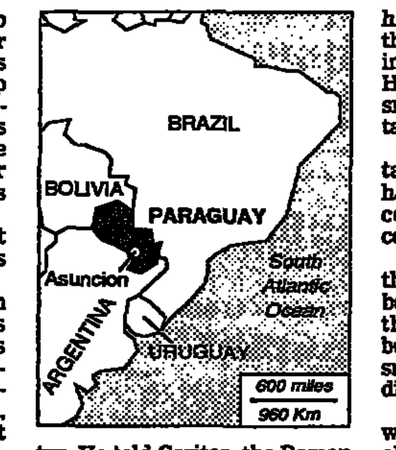
By Our Foreign Staff

PRESIDENT Alfredo Stroessner, the absolute ruler of Paraguay for 34 years, was overthrown in a military coup yesterday by army units commanded by General Andres Rodriguez. The general is the second highest ranking officer in the South American nation's army.

A radio statement last night said General Rodriguez was being sworn in as President.

Overnight fighting between rebels and loyalist soldiers around President Stroessner's residence in Asunción, the capital, and at the nearby barracks of the presidential guard, are reported to have left at least 12 dead. However, no official list of casualties was given and some reports put the number at 100.

General Rodriguez, whose daughter is married to General Stroessner's youngest son, said *in a radio statement that he* had taken control of the country. He told Caritas, the Roman Catholic radio station, that General Stroessner had surrendered and was under arrest.




Several hours after the coup leader's announcement, a military spokesman read out a for*mal statement saying that Gen*eral Stroessner had tendered *his resignation* as President of the Republic and Commander-in-Chief of the armed forces. He added that General Stroessner was being held in a military barracks.

A statement by Radio Caritas that General Stroessner had sought asylum in Chile could not be independently confirmed.

Diplomatic observers said the origins of the coup were to be found in a dispute within the ruling Colorado Party between a militant pro-Stroessner faction and so-called "traditionalists."

Shortly before the coup, which was backed by traditionalist supporters, General Rodriguez was reported to have been ordered to relinquish his command of the First Cavalry Division and retire.

President Stroessner, known as *El Rubio* (the fair-haired *one), was the western hemi*sphere's longest-ruling head of *state. He seized power* in 1954, ending a chaotic 27-year period, during which the country saw 22 presidents come and go.

Stroessner, aged 76 and a career soldier before becoming President, was the son of a German brewer who emigrated from Bavaria at the turn of the century. He gained a reputation as an iron-fisted leader, who put down two revolts in the first two years of his rule.

He went on to win eight consecutive presidential elections with about 90 per cent of the votes cast, leading to charges that the polls had been rigged.

Stroessner was frequently criticised in the West for violations of human rights, bad treatment of political dissidents and providing a haven for Nazi war criminals, including Josef Mengele, chief doctor at Auschwitz.

*A squabble over the family silver, Page 7*

# Midland Bank aims to set up 20 nurseries

By Michael Smith, Labour Staff

MIDLAND BANK aims to set up 20 workplace nurseries this year in response to growing staff-recruitment difficulties. The proposed network would be by far the largest of any UK private sector employer.

Midland is likely to reserve most nurseries for its own staff but hopes to set up some in conjunction with other employers, including the National Health Service.

Bank officials have indicated privately that in the long run they hope the network will far exceed this year's planned number, possibly running into hundreds.

Midland and a regional health authority have begun talks about co-operating on nurseries. Yesterday Mr Barry Geary-Jones, in charge of the *bank's nurseries programme*, said he planned to talk with all health authorities soon.

For Midland, the attraction of linking with health authorities is the amount of unused space in health service buildings. Premises represent the most costly part of setting up nurseries.

Midland sparked employers' current interest in childcare provision when, six months ago, it announced plans for two 35-place centres at Beckenham, in Kent, and in Sheffield.

Among organisations which have followed its lead are Royal Insurance, which is setting up at least two nurseries, and the civil service, which will establish at least one this year.

Midland's three large clearing-bank competitors have said until now that they had no plans for nurseries, although the extent of Midland's latest plans may force them to look at the issues more closely.

Banks and other financial services companies employ more than 20,000 teenagers a year. They stand to be among *employers hardest hit* by the fall in the number of school-leavers up to the mid-1990s.

As a result, they are competing heavily to attract women wanting to return to work after having children.

*Mr Digby Jacks, London* regional officer of the Manufacturing, Science and Finance union (MSF), the general technical union, welcomed Midland's initiative. He said it would make the bank one of *the more enlightened employ*ers in the sector.

Midland Bank will not reveal how much it is allocating for nursery provision.

Tesco offers young staff rises of up to 22 per cent, Page 5

THE LEX COLUMN

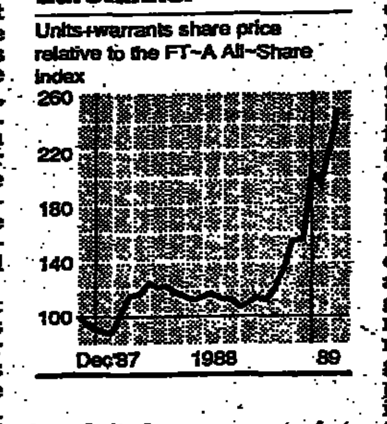
# An embarrassment of riches

The continued strength of the London market is slightly perplexing, but none the less welcome for that. Perhaps the best sign is the gradual subsidence of daily turnover, from almost £2bn a week ago to little more than half that yesterday. This is still higher than all but the most exceptional days of 1988, but is no longer a stampede. The FT-SE has now risen almost 300 points – over 15 per cent – since the start of the year, and this week in particular has shown a remarkable capacity to move ahead without assistance from Wall Street.

FT Index rose 21.2 to 1,689.0

Eurotunnel

Units+warrants share price relative to the FT-A All-Share index




Perhaps the week's most important single influence was the clearance of the bid for Gold Fields. For several weeks now, the institutions have found cash an embarrassment. Assuming they hold half of Gold Fields' equity, a take-out price of £15 would dump a further £1.6bn in their laps, probably before the end of the quarter. Add to that the possible resumption of the bids for Scottish & Newcastle and Plessey, and the curious absence of rights issues, and it is possible to sympathise with the fund manager's desire to push cash into the market.

The global context still looks a lot less happy. Wall Street seemed unconcerned yesterday by a January rise in US employment almost twice as large as expected, but the result must be to increase the likelihood of further Fed tightening next week. The London market, though, would probably welcome a setback sooner, rather than later. Even a 70-point correction would establish 2,000 as a floor; not bad considering that only a month ago 1,850 was the ceiling.

## Eurotunnel

If Eurotunnel were a normal company, it might regard the 30 per cent rise in its share price in the last three days as an unmissable opportunity for a rights issue. Since it is now valued at £2.7bn — about the same as British Airways and British Aerospace put together — there is plainly no shortage of demand for its shares. Moreover, as it pays no dividends, the cost of equity for the time being is nil. However, Eurotunnel is anything but normal. The overall value of the project is fixed, so that raising more equity would simply alter the risk/return balance, a prospect which ever-optimistic shareholders might not welcome. Raising money now just might protect Eurotunnel from a distress cash call later, should things go wrong enough to breach its loan covenants, but the present cover ratios look comfortable enough not to need further bolstering.

Still, a rights issue would at least sort out whether the present share price is a matter of emotion or logic. In France, the vogue is to view Eurotunnel as a sort of junk bond, of which the internal rate of return works out 4.5 percentage points higher than the Government long bond yield. However, the implicit share price is highly sensitive to the discount rate – half a percentage point makes the difference of over £1.50 – and within such a fine margin, no-one rate seems better than another.

In any case, the risk should be different at different stages of the project, which may partly explain the rise in the shares this week. The news that drilling is now proceeding at the target speed may lessen the risk, but the project is still behind schedule, and much can still go wrong. The share price was heeding only the best news as it was; it now seems shareholders are imagining they can already see light at the end of the tunnel.

## Securitisation

The high street banks may have to employ a few rocket scientists to work out ways of complying with the Bank of England's new rules on securitisation, but at least the Bank has made up its mind. Now that the uncertainty over the ground rules has been removed, the way should be clear for some of the more aggressive major mortgage lenders, such as Barclays and Abbey National, to test the fledgling UK mortgage-backed securities market by shifting some of their new lending off balance sheet. The investor appetite seems to be there, but the cost of satisfying the Bank of England's requirements that any transactions should not put a bank's capital at risk could still severely limit the market's growth potential.

The Bank may have erred on the side of caution, but given the financial losses that some banks in the US have suffered in this market, this is no bad thing. There are still a number of grey areas which will only be resolved by bringing an issue to market, but the Bank has made a number of significant concessions. Any lender, as agent for an issue of mortgage-backed securities, has to make an "unequivocal" statement that it will not make good any losses. But it is now permitted to soften this warning by enhancing the creditworthiness of any securities through a one-off contribution to the off-balance sheet vehicle packaging the securities for investors. The Bank has also swallowed most of its reservations about lenders entering into interest rate swaps with the vehicle, but has not unnaturally refused to budge on the question of providing temporary liquidity support when loan arrears begin to mount.

It is not yet clear whether the Bank's new rules conflict with the Government's statement of practice on the transfer of mortgages. However, at the end of the day, changes in the definition of subsidiaries under the new Companies Bill could prove an even bigger obstacle to the market's development.

## Ethical Trusts

The ethical investment business, it seems, is going from strength to strength. According to the Ethical Investment Research Service, ethical unit trusts went up in value from £100m to £144m last year, with the number of funds rising from nine to twelve. The choice now ranges from the fairly jolly – the Fidelity Famous Names Trust is actually overweight in booze and betting – to those which rule out not only heavy stuff like arms dealing and nuclear weapons, but the entire pharmaceutical industry. Otherwise, the funds all seem wholly conventional in their approach; none of them, for instance, tries to influence the activities of the companies they invest in. And indeed, there is no reason why they should not do well financially; as one of them remarks, companies which are not in forbidden areas tend to be small, and small companies tend to outperform anyway.

# Storehouse

Continued from Page 1

ful break-up bid from Benlox, a small engineering group.

Mr Edelman said yesterday that the downgrading in profit forecast had not surprised him. He had been expecting an outturn of £70m for several months. He objected to Storehouse's handling of BhS, where gross margins have been cut without attracting sufficient extra volume.

"I intend to do whatever I can as soon as I can to rectify *the situation for myself and all* the other shareholders," Mr Edelman said. He denied rumours that he had tried to place his holding.

Mr Edelman was first revealed as a shareholder in December, when he had a 4.9 per cent stake.

Last month he requested a meeting with Storehouse directors to discuss his suggestions for improving the value of the shares, including disposals of parts or all of the business or a management buy-out. *Store*house refused to meet him.

## CHIEF PRICE CHANGES YESTERDAY

| FRANKFURT (Dm) | | | | PARIS (FFrs) | | | |
|---|---|---|---|---|---|---|---|
| **Rises** | | | | **Rises** | | | |
| Feldmuehle | 325 | + | 10 | Canal Plus | 658 | + | 41 |
| Man | 255.5 | + | 5 | Eurcom | 1440 | + | 90 |
| Schering | 630 | + | 18 | Eurotunnel | 85.8 | + | 6.8 |
| Thyssen | 214 | + | 4.8 | Promodes | 3199 | + | 269 |
| Viag AG Aktien | 268.2 | + | 7.2 | **Falls** | | | |
| **Falls** | | | | O.P. Olipar | 480 | – | 24 |
| Beiersdorf | 535 | – | 17 | **TOKYO (Yen)** | | | |
| **NEW YORK ($)** | | | | **Rises** | | | |
| **Rises** | | | | Daiichi Cement | 1660 | + | 200 |
| Bally Manufact. | 23¾ | + | 1 | Nishimatsu Con. | 1320 | + | 170 |
| Delta Air Lines | 58⅜ | + | 1¼ | Sato Kogyo | 1660 | + | 150 |
| Preferred Life | 27¼ | + | 1¾ | **Falls** | | | |
| Shaklee | 32 | + | 1¼ | Furukawa Bat. | 1000 | – | 90 |
| **Falls** | | | | Nippon Shokubai | 1570 | – | 120 |
| Cullinet Soft. | 6 | – | ⅝ | Sato Shoji | 1140 | – | 90 |
| IBM | 127½ | – | ⅞ | | | | |

New York prices as at 12.30pm

| LONDON (Pence) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Rises** | | | | | | | |
| Bass | 928 | + | 14 | Regalian | 133 | + | 11 |
| Brit Airways | 194 | + | 8 | Rothmans B | 507 | + | 20 |
| Calor | 418 | + | 14 | Rugby Group | 173 | + | 12 |
| Cornwell Pkr A | 184 | + | 20 | Saatchi & S | 410 | + | 15 |
| Eurotunnel Uts | 763 | + | 75 | Securicor | 540 | + | 50 |
| First Leisure | 180 | + | 15 | Security Servs | 475 | + | 38 |
| Frogmore Est | 500 | + | 29 | Steetley | 407 | + | 21 |
| Gestetner | 264 | + | 16 | TI Group | 439 | + | 14 |
| Glaxo | 1248 | + | 19 | Tomkins | 238 | + | 12 |
| ICI | 1195 | + | 22 | United News | 448 | + | 22 |
| Jaguar | 327 | + | 15½ | Warburg (SG) | 342 | + | 19 |
| Lloyds Bank | 379 | + | 11 | Yorkshire TV | 282 | + | 22 |

## WORLDWIDE WEATHER

| | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 14 | 57 | Dallas | | – | – | Madeira | S | 17 | 63 | Prague | F | 1 | 34 |
| Algiers | S | 14 | 57 | Dublin | F | 11 | 52 | Madrid | F | 8 | 46 | Reykjavik | H | -2 | 28 |
| Amsterdam | C | 3 | 37 | Dubrovnik | S | 15 | 59 | Majorca | F | 15 | 59 | Rhodes | S | 14 | 57 |
| Athens | S | 13 | 55 | Edinburgh | C | 11 | 52 | Malaga | S | 16 | 61 | Rio d'Janeiro | | – | – |
| Bahrain | F | 15 | 59 | Faro | S | 15 | 59 | Malta | R | 13 | 55 | Rome | C | 11 | 52 |
| Barcelona | S | 13 | 55 | Florence | F | 10 | 50 | Manchester | C | 9 | 48 | Salzburg | C | -2 | 28 |
| Belfast | R | 10 | 50 | Frankfurt | Fg | -2 | 28 | Melbourne | F | 19 | 66 | S'Francisco † | C | 7 | 45 |
| Belgrade | C | 1 | 34 | Geneva | C | -1 | 30 | Mexico City | | – | – | Santiago | | – | – |
| Berlin | C | 1 | 34 | Gibraltar | F | 15 | 59 | Miami † | S | 21 | 70 | Seoul | S | 1 | 34 |
| Biarritz | S | 12 | 54 | Glasgow | R | 10 | 50 | Milan | S | 5 | 41 | Singapore | | – | – |
| Birmingham | F | 8 | 46 | Guernsey | C | 8 | 46 | Montreal † | Sn | -13 | 9 | Stockholm | S | 9 | 48 |
| Blackpool | C | 9 | 48 | Helsinki | S | 8 | 46 | Moscow | C | 1 | 34 | Strasbourg | C | -3 | 27 |
| Bombay | S | 33 | 91 | Hong Kong | C | 14 | 57 | Munich | Fg | -2 | 28 | Sydney | S | 26 | 79 |
| Bordeaux | S | 10 | 50 | Innsbruck | S | 6 | 43 | Nairobi | F | 25 | 77 | Tangier | F | 16 | 61 |
| Boulogne | C | 4 | 39 | Inverness | F | 11 | 52 | Naples | F | 15 | 59 | Tel Aviv | S | 15 | 59 |
| Bristol | F | 10 | 50 | Isle of Man | C | 10 | 50 | Nassau | | – | – | Tenerife | S | 20 | 68 |
| Brussels | C | 2 | 36 | Istanbul | S | 8 | 46 | Newcastle | F | 12 | 54 | Tokyo | S | 8 | 46 |
| Buenos Aires | | – | – | Jersey | F | 8 | 46 | New Delhi | S | 19 | 66 | Toronto † | F | -10 | 14 |
| Budapest | Dr | 0 | 32 | Johannesburg | | – | – | New York † | R | 1 | 34 | Tunis | S | 14 | 57 |
| Cairo | S | 15 | 59 | Las Palmas | S | 21 | 70 | Nice | F | 13 | 55 | Valencia | S | 11 | 52 |
| Cape Town | S | 27 | 81 | Leeds | C | 10 | 50 | Nicosia | S | 14 | 57 | Venice | S | 9 | 48 |
| Cardiff | S | 10 | 50 | Lisbon | S | 12 | 54 | Oporto | C | 13 | 55 | Vienna | C | 1 | 34 |
| Chicago † | Sn | -8 | 18 | Locarno | S | 7 | 45 | Oslo | S | 9 | 48 | Warsaw | C | 1 | 34 |
| Cologne | F | 1 | 34 | London | S | 9 | 48 | Paris | Fg | -2 | 28 | Washington † | C | 7 | 45 |
| Copenhagen | C | 5 | 41 | Los Angeles † | C | 10 | 50 | Peking | S | 5 | 41 | Wellington | F | 20 | 68 |
| Corfu | S | 14 | 57 | Luxembourg | Fg | -3 | 27 | Perth | F | 36 | 97 | Zurich | C | -3 | 27 |

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures



# Bank issues rules for securitised mortgages

By David Lascelles, Banking Editor

THE UK's emerging multi-billion-pound market for securitised mortgages is to be controlled under regulations issued by the Bank of England yesterday.

However, the Bank stressed the intention was to reduce risks rather than curb the growth of mortgage lending.

The new rules cover situations where banks trade loans among each other or package them into securities for re-sale to investors. The Bank wants to ensure that the selling bank sheds all risk linked with the loans which might exist either through a legal commitment or a moral obligation as originator to make good loan losses.

*The long-awaited* regulations, which come into force immediately, had a mixed reception from the banking community, which has been holding back on mortgage securitisation in anticipation of *them. Bankers said the rules* were more lenient than foreshadowed in a consultative document last year but said they might still inhibit the evolution of the market.

The securitisation of mort*gages is an important source of* growth for home lending in the US, worth hundreds of billions of dollars. Typically, banks package a large number of mortgages together, sell them to an investment vehicle which *in turn sells securities to the* investing public. The advantages are that banks can clear their balance sheets to offer new mortgages, while the sale of securities taps additional sources of finance for home lending.

Under the Bank's rules, which cover all forms of loan transfers, not just mortgages, the selling bank must make a "clean transfer," free of all obligations on its part. If the Bank of England is not satisfied with the arrangements, it will treat the loan as if it was still on the selling bank's books, and oblige it to allocate capital.

The Bank has made a few concessions to make securitisation easier. The selling bank, for example, may make a one-off payment to the investment vehicle at the start to cover possible loan losses.

When the number of mortgages *left* in the vehicle has dwindled to one-tenth of its maximum value, the selling bank may also retain an option to purchase them back. However, it cannot provide liquidity support for the investment *vehicle if it gets into trouble* – a rule which does not apply in the US.

The Bank's rules are in addition to a code of practice drawn up by the Department of the Environment to protect *borrowers' rights.*

Most activity in the UK mortgage securitisation market has been by non-banks. According to the Bank's statistics, the market is now £4.2bn, of which £3.4bn was done by *non-bank mortgage institu*tions. Foreign banks have done £700m, including £400m by the UK subsidiary of the Bank of Ireland. Only one UK bank, the TSB, has securitised mortgages with an issue of £135m.

# Alcohol ban offshore

Continued from Page 1

water pump was out of commission.

The rig, on contract to Shell, *was operating on an explora*tion well, 22/14b-1, 200 miles off Peterhead near the median line with Norway.

The complete shutdown of operations offshore for safety *violations is not* unprecedented, although the department yesterday could not say when the last such incident took place. Last year, there were roughly 15 incidents involving the ordered shutdown of specific operational systems

# Stars play Footsie

Continued from Page 1

the Snake years have often resulted from the excesses of the year of the Dragon."

Each of the 12 animal signs in the cycle are combined with one of the basic elements – *wood, fire, earth, metal or water*. This year, the paper notes, the snake is combined with earth for the first time since 1929 – the year of the Wall Street Crash. "In this environment, the advice from Chinese astrologers is simple: tread lightly and be more cautious," the economists say.

Yesterday, Mr Tim O'Dell, senior international economist at Phillips & Drew and one of the authors, appeared uneasy about putting too much weight on the research paper. "It is a bit of fun," he said, "but it is *not a total fabrication. It is* serious in that quite a few people do take these things seriously."

Jesting could be foolhardy. The conclusions of both papers bear an uncanny resemblance to those of Foulsham's Original Old Moore's Almanack for 1989, published last June.

International economic crises causing considerable difficulties for the UK Government were forecast in good measure this year. The sage predicted: "Their effect will be at their strongest after July and there will be little hope of recovery before the end of the year as the markets will not improve until 1990-91."

*Research papers on the timing, nature and cause of the business cycle by Dr Hamish Watson. Brockett Publishing, 31 Craven Street, Trafalgar Square, London, WC2N 5NP. Prices on application.*

Weekend FT

SECTION II Weekend February 4/February 5 1989

# Golden days for the silver screen

*Gone With the Wind happened. Garbo laughed and Garland became a star. Nigel Andrews on Hollywood's triumphant 1939*

THESE ARE dizzy times in Hollywood. Engulfed by anniversaries, the American film capital is trying to keep its head above the champagne. The year 1987 was the centenary of Hollywood's birth as a civic community; 1988 was the 75th birthday of the first Hollywood feature film (Cecil B De Mille's *The Squaw Man*). This year is the 50th birthday of the dream factory's greatest ever *annus mirabilis*.

What happened in 1939? *Gone With The Wind* happened. So did *The Wizard Of Oz*, *Stagecoach*, *Dark Victory*, *Young Mr Lincoln*, *Ninotchka*, *Mr Smith Goes To Washington*, *Only Angels Have Wings* and more screen perennials than you could shake a statuette at. It was a year Hepburn, Gable, Grant and Davis were at their peak. It was the year Garbo laughed and Garland became a star. It was even the year that Don Ameche, thinly disguised as Alexander Graham Bell, invented the telephone.

The year 1939 still strikes awe in Hollywood, as I learned on a recent visit. The high point of the Golden Age, the year can also be seen as the last great hurrah of the studio system. Conversations with stars and film-makers who worked before and after the Second World War – such as Olivia De Havilland, Vincent Price and Joseph L. Mankiewicz – leave no doubt that the war years were a watershed in film history.

Up to the end of 1939 Hollywood was a law unto itself: a land where mighty moguls bankrolled multitudes of movies, and where stars were held on the strict leash known as a studio contract. After 1945, undone by the disruptions of war and the new taste of independence given to both men and women from the film business, the contract system slowly crumbled. Stars and film-makers began making their own deals and Hollywood – for better or worse – was never the same again.

Movie-town, though, reared on make-believe, took a long time even to register the approach of war. Vincent Price, whose first star-making role was in 1939 as Walter Raleigh in *The Private Lives Of Elizabeth And Essex*, recalls that the rumblings from Europe made almost no impression on the film community. "The longer I stay in Hollywood, the more I think they don't really know what's happening. Times may change, but not Hollywood. It doesn't have its ear to the ground. I really do believe it exists on its own, away from the rest of the world."

A keen sense of self-preservation might be the reason why. Used to insulating itself from the world with sound-proof stages, a Hollywood under siege from the din of history merely doubles its sound-proofing budget.

Olivia De Havilland remembers the same sense of insulation on the set of *Gone With The Wind* in 1939 – though she offers extenuating circumstances. "We barely moved from California making the film. Pearl Harbor was two years off and Europe was 6,000 miles away."

But as Hollywood went on shooting what was to become its greatest ever popular entertainment, she recalls one lone Briton who did sense the coming storm. "Looking back, I think Leslie Howard knew that England was under threat. I saw it in his general demeanour during the film. He was so remote. And I think there was an identification between his feelings for a country threatened by war and his playing of Ashley Wilkes. The story of *Gone With The Wind* had so many parallels with what he was going through. And after the filming, he was really the first British star to leave Hollywood for home."

Howard apart, one has the sense that before 1941 when Pearl Harbor brought America into the war, Hollywood was determinedly deaf to the outside world. It was hardly surprising. Actors riding the precarious surf of stardom have no wish the see their lucky streak suddenly – perhaps terminally – interrupted by uncontrollable world upheavals.

Buddy Ebsen, a post-war TV star in The Beverly Hillbillies and Barnaby Jones, was a dancer with an enchantingly quirky, gangling style in 1930s MGM musicals. (A nasty reaction to aluminium-based make-up robbed him of the role of the Tin Man in *The Wizard Of Oz*). The war effectively ended Ebsen's hoofing career.

"I could've gotten lead parts in many pictures," he told me (with only the faintest hint of rue in the voice), "especially with so many actors away at the war. But I wanted to be in uniform and I went into the service."

An MGM star of less recruitable age and sex was Margaret O'Brien, the Oscar-winning kid of *Meet Me In St Louis* (1944). She made her debut in 1942, aged five, in one of Hollywood's rare depictions of the war in Europe. The film was *Journey For Margaret*, with O'Brien playing an orphan of the London Blitz and getting to utter the memorable line "I don't *like* Mr Hitler.". But after this, and for most of the war, the star remembers Hollywood gamely trying to carry on as if nothing serious on the world stage had happened.

"They just went on turning out these colourful, escapist movies. We kept on working nine to six every day, and for us children there was school on the lot for four hours a day. People didn't talk about the Second World War, at least not round me. I remember hardly anything about the war till it was over, when I used to be a poppy girl for the veterans."

Vincent Price is even sceptical that there was a conscious movement, as some critics have theorised, towards darker-toned films to match the war mood. He was in a classic early "film noir" himself: Otto Preminger's *Laura* (1944). But far from chiming with studio tastes the movie's eerie gloom infuriated 20th Century Fox chief Darryl F. Zanuck.

"He had been away at the war. He came back and saw Laura and thought it was dreadful. He said it would depress the troops and he almost scrapped it. Of course since then it's never stopped running."

Esther Williams, Hollywood's water nymph, launched her film career in 1942. She agrees with Price that the studio bosses, far from favouring austerer movies in the war years, encouraged an upsurge in glossy escapism.

"Towards the end of the war especially," she recalls, "the emphasis was on 'feel good' movies. I have a huge popularity even today in Germany, and I think there's a psychology to that. Our pictures were such a rest, such an escape, in those years at the end of the war and after, when people in Germany were coping with the burden of guilt and we with our own wounds of war. Here were these big, colourful movies that reached out and said, 'Come see Esther step into a pool'."

No less remote from real life than the movies were the conditions in which they were made. The Hollywood studio was a little kingdom or even a substitute family. The studio boss played lovable poppa or Big Daddy to his stars, and like any father he didn't like it when the children rebelled.

"After the war," remembers Esther Williams, "when actors like Clark Gable and Robert Montgomery wanted to make their own movies, L.B. Mayer said 'Actors making their own pictures – it will be as if the inmates are running the asylum'. I said, 'That's what you've always thought about actors, isn't it L.B.?' And he said, 'You people are children, you have to be told.'

"And that's the way the big studios operated. When we signed a contract at MGM, L.B. treated us all as if we were his own children. You weren't supposed to fall in love without consulting him. You certainly weren't supposed to get married. Have a baby? 'You didn't tell me!' " He said once to my husband, 'If you keep getting Esther pregnant while she's making movies, you're barred from the lot. I said, 'L.B., it doesn't happen on the lot.'"

At MGM, though, authoritarianism was leavened with benevolence. At least Esther Williams could talk back to her studio boss. But Olivia De Havilland has harsher memories of life at Warners, and the scars of a historic contract dispute during the war to prove it.

"How you were treated depended on where you worked. They were much more understanding at MGM. If you had a part you didn't want to play, you could go to Mayer and he would either give you another part in another film or put you on lay-off.

"The studio had a right to lay you off without pay for three months each year; and people accepted that, because most of them violently needed a vacation! At Metro there was a kind of paternal concern. But at Warners they were much more stringent. If you went against them, you risked suspension."

Which meant?

"You were off salary for the period of time it took another artist to complete the role you had declined. Then that period would be added to your contract, so you served it out after your contract would nominally have ended.

"All studios had the right to do this, but not all studios exercised the right, that's the difference. There were many good things about the contract system, it was the abuse of it that was unfortunate. And it was abused in my case, and that of Bette Davis and Jimmy Cagney."

De Havilland was to challenge this system in court and bring about its downfall. But no less fascinating than *what* happened to the studios' stranglehold on its stars is why it happened when it did: namely in the war years. Hollywood made a brave show of carrying on "business as usual" between 1941 and 1945. But ultimately a hothouse system that thrived on closed doors and special temperatures could not cope with the reckless diaspora of its own employees. Off went the men to fight the war: the Stewarts and Gables and Fondas. Off went the women to entertain or comfort the troops.

Olivia De Havilland, for instance, saw more of the world than many fighting men. After touring military hospitals in the US in 1943, she went to Alaska and the Aleutians in February of 1944 and the South Pacific in October.

"I couldn't sing or dance, but I wanted to do something notwithstanding. So I went to cheer up the patients just by sitting and talking to them, comforting them at their bedsides. In the South Pacific, ironically, I caught pneumonia and ended up being comforted by the GIs!"

Back in less lovely Hollywood, De Havilland's contract dispute had begun and was already rolling towards final reel. In 1943 the star took Warners to court to fight the use and abuse of the contract-extension principle. By the war's end the long legal battle, which had kept the star off the screen for two years, culminated in victory for De Havilland and created a landmark precedent. The outside limit of a studio-player contract was set at seven years, including periods of suspension.

"The wonderful upshot of my case," says De Havilland today, "was that at the end of the war, when the actors who had fought returned, the studios threatened to treat their absence as a suspension period. So they would have had to serve out their full contracts after the war. Well, citing my case, Jimmy Stewart took the matter to court. And because I had won my battle, he could exempt the veterans from having their careers taken over like that by the studios."

After 1945 independence began to snowball. A star like Robert Montgomery, who had been a thorn in the moguls' side as head of the Screen Actors Guild (and then a distinguished serviceman in the war years), could begin creating his own projects as a director-actor. Bigger stars still like Clark Gable, Ingrid Bergman and Bette Davis all went freelance. And in 1950 James Stewart took the historic step of signing for a percentage on a movie *(Winchester 73)*, thereby becoming a "shareholder" in the film's success and effectively launching the postwar era of the star as entrepreneur.

Some Hollywood veterans, though, remain stubbornly rosy-eyed about the old studio system. They prefer the beneficent dynasties who tended movie-making then to the deal-making mavericks who run Hollywood now.

"When I look back on Louis Mayer and Harry Cohn and Sam Goldwyn," says writer-director Joseph L. Mankiewicz (of *All About Eve*), "they were like the Medicis of Florence compared to the greedy whore-mongers that are out there today. They are wedded out there now to the concept that if a picture makes a lot of money, it is a good picture. At least I could convince Mayer that just because Coca-Cola is the biggest-selling drink in the world, it wasn't the best drink! There was no need to close down Chateau Lafitte."

Vincent Price, looking back on the studio system, cannot disguise his fondness for the old days, brutal or not.

"There were lots of pros and cons, but I really thought it was a good idea. You were really like a family. I did six pictures in the 40s at Fox with virtually the same cast and crew. I did five pictures with Gene Tierney. There was a wonderful continuity in working relationships. Against that, the studio moguls really did rule the roost. They could put you in pictures and ruin you. They ruined a lot of artists on purpose, I think, especially contract artists, when their salaries got too high. They ruined Garbo, it's legendary. They just put you in one bad picture after another, so you won't work any more."

Buddy Ebsen too recalls that it was "a different Hollywood back then."

"There were seven men who owned – and I mean physically owned – their stars. There was no one like Redford or Brando saying they wanted $7m a picture, or like Stallone wanting $13m. Today people like that are the juice in Hollywood. The bankable stars. In the 30s, big stars like Gable or Shearer were paid $5,000 a week tops. And for that they kept working. Three, four films a year."

But those days are gone with the wind. Perhaps we should look back on 1939 and its aftermath as Moviedom's answer to the American Civil War. The film business today is freer and fairer than yesterday's. But we can still feel the odd twinge of guilty nostalgia for a day when movie studios were as vast, organised and prolific as cotton plantations; when if you worked for a Hollywood major you would "never go hungry" (to borrow Scarlett O'Hara's pledge); and when one famous studio could boast that it owned "more stars than there are in heaven."

## The Long View

# An open letter on disclosure

*NEXT WEEK the consultation period closes for the controversial draft proposals on life assurance commissions disclosure from the Securities and Investments Board. I take this opportunity to write to the SIB's chairman.*

Dear David Walker,

Already you may wish you had never heard of life assurance. But, having been closely involved during your Bank of England days with the Stock Exchange's Big Bang transformation, you will be familiar with the impact of radical change on venerable financial service industries.

Your commissions disclosure proposals, however, do not represent so much a big bang as one of a series of minor explosions. The first of these structural changes in the distribution of life assurance products was the introduction of polarisation, a device invented by the industry to address some of its more serious conflicts of interest in the context of the Financial Services Act.

Under polarisation, an intermediary must elect either to be tied to a single company's products, or must give "best advice" across the whole market as an independent adviser. But polarisation has been accompanied by an unacceptable cartelisation, and cover-up, of commissions paid by independent intermediaries.

As you said in a recent speech, you are reluctant to attach any weight to the argument that the client cannot be persuaded of the reasonableness of the commission, and therefore should be kept in ignorance.

Now you are framing your disclosure proposals, to conform with the requirements of Lord Young at the Department of Trade and Industry and Sir Gordon Borrie at the Office of Fair Trading. The plans amount to a step in the right direction. That they have stirred tremendous resentment within the life industry is inevitable. But great contradictions remain.

As the Consumers Association has pointed out, your version of commission disclosure is a bit of a joke. Instead of cash disclosure at the point of sale, clients will only be given percentage figures in a complex document days later. This kind of "slightly hard" disclosure cannot be very effective in restraining the remuneration of intermediaries. Instead, commissions seem about to leap by some 30 per cent.

Even so, to protect independent intermediaries you appear to be ready to condone the degrading of "best advice" which is merely "good advice" which is not necessarily tailored to the precise needs of each client.

Perhaps this is only to come to terms with reality. I do not believe you are fooled by the excessively romantic notions of independent advice promoted by the life industry, especially by those offices which found that paying commission to brokers was cheaper than hiring a direct sales force. You have hinted that the thousands of sole proprietors who cannot realistically keep track of a highly fragmented market must be prepared to band together in larger and more competent units. You probably consider that only by sweeping away a large part of the independent sector can you be sure of protecting the public against another Barlow Clowes.

BARRY RILEY

**The SIB's life assurance commission disclosure proposals should be seen only as a step towards more distant goals**

But here lies a danger. To the regulator there are great attractions in the consolidation of the investment industry into a few giant direct-selling groups. They would create no scandals. The watchdogs could sleep soundly at night. On the other hand, there would be little innovation, and value for money to the customer would deteriorate. Compare the life assurance industries in the UK and, say, West Germany.

In a transitional stage it is hard to stand back and assess the strategic objectives. But at the very least, each principle of regulation must be logically sustainable. If we are to have disclosure of commissions at all, it must be proper disclosure. If we are to polarise the distribution channels for the benefit of the client, it must be a division which means something to the client.

The existing polarisation principle relates only to the means by which intermediaries are paid by companies. Kept in ignorance about such matters, the typical client not surprisingly fails to understand the difference between tied agents and independent intermediaries. From his point of view the only valid polarisation would apply on the one hand to advisers paid by him, and on the other to intermediaries paid by the company.

Time is needed not only to smooth the adjustments which will have to be made by many thousands of individuals, but also to improve the quality of information.

I know that you have been surprised, even shocked, by the manipulation practised throughout the life industry. Expenses are obscured by layers of different charges, returns are distorted by complex bonus structures, and information is almost never provided on a comparable basis. Now you will better understand why, in another area, the Inland Revenue is threatening to take a hard line with the life industry.

Raising the standard of information will be essential to keep costs down. The independent sector may have given variable advice to clients, but it has certainly served to encourage competition among the suppliers of products. A continuing independent sector should be encouraged for this reason. But if direct selling is to predominate, extending a 20-year trend, a way of improving the quality of information available to the client (and to independent advisers, for that matter) must be found.

This will be a long job. Moreover, you will need the active co-operation of the DTI, which continues to be the principal life assurance regulator, and which arguably ought to have tackled some of these problems years ago. But I know what is your attitude to actuaries who say that nothing can be done.

Yours assuredly.



CONTENTS

FINANCE & THE FAMILY: THIS WEEK

## The stock market rally: is it boom or bust?


The London stock market has rallied to more than 2,000 in the past few weeks, a level few fund managers expected to see even at the end of 1989. But is it a true sign of a return to full investor confidence, or just a flash in the pan? *Heather Farmbrough* finds an air of caution — and some surprise — among professional fund managers and economists. **Page III.**

## Calm after the storm

From early summer to autumn last year the Chancellor pushed interest rates from 7.5 per cent to 13 per cent. But analysts now believe that rates have reached a plateau and may fall soon. *Ralph Atkins reports.* **Page III**

## Tax tonic for health insurance

The introduction of tax relief on private medical insurance, proposed as part of the reform of the NHS unveiled by the Government this week, is far more generous than was expected. *John Edwards* outlines the details. **Page IV**

## Blue Arrow back in even flight

It has been a dramatic few months for Blue Arrow, but the employment agency is now due to release its results on Tuesday. *William Cochrane* looks at analysts' expectations for the group and also, among others, Manchester Ship Canal Company, Portsmouth and Sunderland Newspapers, Securicor and Unitech. **Page IV**

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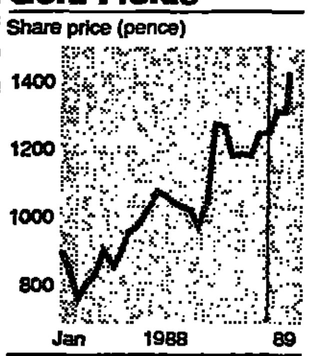
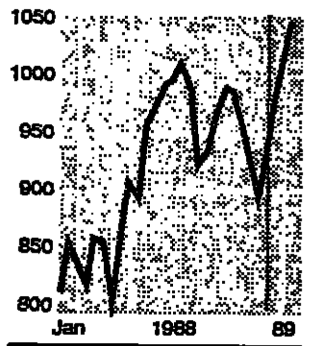
**Consolidated Gold Fields**
Share price (pence)




**Food Manufacturing**
FT–Actuaries Index




## Minorco considers ConsGold bid

Minorco now has 21 days to decide whether or not to renew its takeover bid for Consolidated Gold Fields, the UK-based mining and construction materials group, following the statement by the Monopolies and Mergers Commission (MMC) this week that the bid would not operate against the public interest. Following the announcement, ConsGold's share price rose sharply, reflecting market sentiment that a renewed bid was likely. Minorco's controversial offer, which lapsed following the referral to the MMC in October, valued ConsGold at £2.9bn, a record value for any UK company. Minorco, the Luxembourg-based part of the Oppenheimer group, has already indicated that its current stake of 29.9 per cent in ConsGold is too high to be held on a passive basis. *Heather Farmbrough*

## Foods sector takes centre stage

The foods sector returned to centre stage on the London stock market this week, with the manufacturers leading the way. Top story was Cadbury Schweppes' approved £91m bid for Bassett Foods. The deal, which eclipsed the £63m offered by Sweden's Procordia, should herald a major reorganisation of the UK sugar confectionery industry, said analysts. S & W Berisford were also in the headlines as Irish meat mogul Larry Goodman took a 4.9 per cent stake to add to his existing 7 per cent holding in Unigate. Experts said that the stake in Berisford was probably "friendly." Other moves included Hazlewood Foods placing its 3.3 per cent in Northern Foods with institutional investors, and the Kuwait Investment Office lowering its chunk of Hillsdown to 5.9 per cent. Also during the week, Iceland Frozen Foods sold the Victor Value chain to Kwik Save, speculative interest in Gateway waned, and there was much talk that United Biscuits, currently the subject of Swiss bid speculation, might make a play for RJR Nabisco's European operations. *Patrick Harverson*

## Australia tops unit trust ratings

*The best performing unit trusts over the last year have* been Australian, with NM Australian heading the charts, according to figures released this week by Micropal. Although performance tailed off towards the end of 1988, demand for Australian stock, particularly mining shares, revived at the end of January. On a five-year view, however, Australian funds are at the bottom, with Target Australian turning £100 into just £7.80.
Another sector where funds performed well on a one-year view was the Far East. The best performing fund in this area was Abtrust Far East Emerging Economies. Fidelity European continues to lead European funds, although MIM-Britannia French Growth, up by 48.5 per cent over the year, is catching up. Most UK-invested funds rank about midway in the tables and improved their placings over January. The worst results come from Swiss and gold funds, reflecting a poor year in both markets. The worst performing fund on a one-year view was Henderson Gold. Among investment trusts, the best performer on a year's *view was Candover Investments, followed by Cambrian &* General. The worst two performing trusts over the same period were Welsh Industrial and Property Shares. On a five-year view, Capital Gearing fared best while Murray Electronics did worst. *Heather Farmbrough*

LONDON

# Traders take the floor to a happier tune

THE RESOUNDING New Year party on the London stock market failed to end last week, but at least the music underwent a few changes of tempo.

Indeed, in mid-week it even came to a brief halt, with the FT 100-Share Index on Wednesday night showing its first minus sign for five trading sessions. But the band soon picked up again, helped on Thursday by the Monopolies and Mergers Commission's clearance of Minorco's bid approach for Consolidated Gold Fields. By Friday lunchtime, Footsie was hovering around the 2,075 level — a rise of nearly 19 per cent from its December low point.

Some signs of some retrenchment were only to be expected — *indeed, among stock-deprived* market-makers, were even eagerly sought. Nevertheless, in contrast to some of the gloomier weekend forecasts, the present rally, which got under way in the second week of January, still shows no sign of going into a significant reverse.

Reasons for the resilience are not hard to find. British institutional fund managers, having generally cold-shouldered the market in the closing months of 1988 when clouds over the economy hung heavy and low, are now clamouring to get in. That brings the weight of money argument to the fore, with the thought that if the market shows any serious signs of weakening, it will immediately be underpinned by active demand.

Moreover, if some of the larger and bolder fund managers claimed that it was difficult to get significant amounts of money into the market over six months ago, how much harder must it be now, when every man and *his dog is* chasing stock?

These considerations alone probably explain much of the past week's trading. On Monday *morning*, market-makers — by now seriously short of stock — were less than delighted when domestic institutional buying showed little sign of waning. True, a weaker opening trend on Wall Street eventually creamed off some of the advance, but Footsie still added another 37 points.

By Tuesday, the stock shortage strains plus the easier note on Wall Street had a more serious dampening effect, and the rise was a mere 8.9 points. On Wednesday, there was a 12-point downturn.

But that mood was not to last. Although Thursday proved a somewhat edgy trading session, the Consolidated Gold Fields decision, plus various other bid-related news, helped the FTSE100-Share back to a 3.7 point rise. And on Friday morning it was like old times, with Footsie up more than 30 points by *lunchtime*.

Last week's pattern notwithstanding, many analysts predict a more measured approach from here on. Around Christmas-*time*, any consensus forecast which existed — and opinions were fairly sharply divided — tended to suggest a level of 2,100 to 2,200 for Footsie by end-1989. That was based on industrial earnings growth of about 10 to 12 per cent and an assumption that the economy would achieve a relatively "soft landing" by the early summer. At that stage, interest rates might be expected to ease downwards.

With the market almost reaching those predicted levels within a month and no major developments on the economic front — merely some early indications that the interest rate squeeze is having an effect — it is a touch difficult to find any fundamental reasons for this heady rate of stock market advance to continue. Certainly, as far as the economy is concerned, there was precious little new information last week to either help or hinder any assessment of the situation.

Perhaps last week's trading volume figures are also worth noting. While the figure — including both retail business and inter market-maker trading — topped 1bn shares on Monday, it had eased back to the 800m to 900m level by mid-week, and was down to below 600m on Thursday. Who knows, there may yet be levels beyond which institutions — fearful though they may be of missing the boat altogether — are reluctant to chase stock.

Warburg Securities, meanwhile, suggests that it may be time for the action to switch from the blue chips to second line stocks. The analysts point out that Footsie has underperformed the rest of the equity market by about 2 per cent a year since 1979, but that it has led the current rally. That inclines them to believe that it may be time for the beta and gamma stocks to enjoy a larger slice of the action.

The other question mark is how the market would respond to any attempt at corporate fund-raising. The prospect of a major rights issue hitting the screens has lurked in dealers' minds for some while. To date, nothing has arrived. But when — and presumably it is only a matter of time — some significant attempt at equity financing return, it will be interesting to watch how widespread and sustained the institutional appetite for corporate paper proves.

The main corporate news of the week, meanwhile, came in the Monopolies and Mergers Commission clearance of a Minorco bid for Consolidated Gold Fields. The stated grounds for referring the bid in the first place — competition in the zircon and titanium markets — had never carried much weight with the City. The MMC, however, rejected both the competition objections and the whole question of the South African nationality of Minorco's owners, plus fairly bid-proof structure of the group.

And while Minorco itself was playing a little coy about its determination to return to the fray, few expect it to back off now. Certainly, if the aim was to cool the Consolidated Gold Fields share price, it did not seem to have much effect: the shares rose 117p to £14.20.

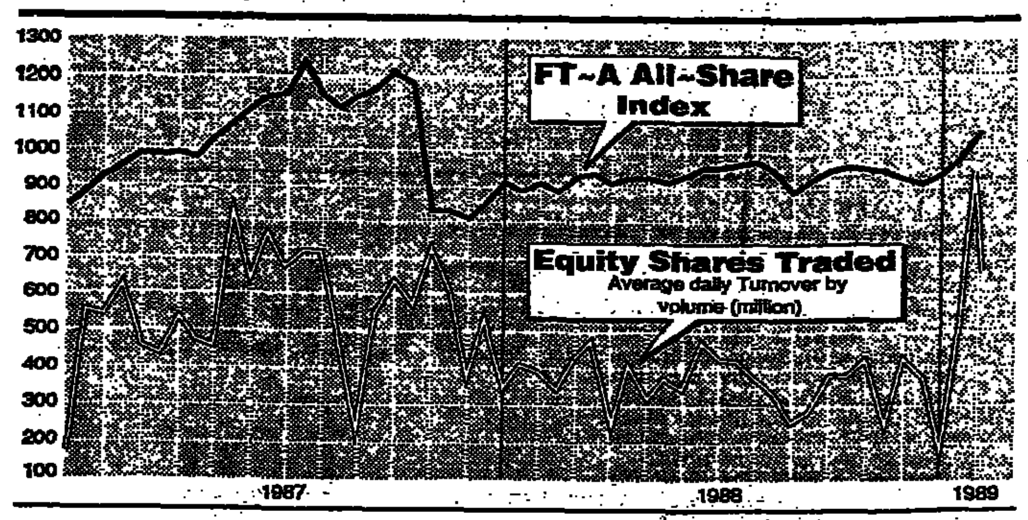
There was little comfort for MB Group — better remembered as Metal Box — either. Here it was the turn of John Elliott's Elders IXL group to stir things up, offering to buy certain packaging interests, which MB is trying to merge with the French Carnaud group, for £780m cash.

The long-term aim of Elders, which holds a 5.7 per cent stake in MB, may be less than clear, but it was enough to push the shares 7p higher on Wednesday and produce another similar gain on Thursday.

Meanwhile, there are still a *few friends around*. Sweet-makers Bassett found a white knight in Cadbury Schweppes, happy to bid £91m and top the current offer from the Swedish Procordia group. And the City management group, GT, finally gave up its independence, recommending a £91.5m offer from Vaduz-based Bank in Liechtenstein.

Whether the terms of that offer — equivalent to about 3 per cent of GT's funds under management — were a shade on the cheap side was a moot point. After all, with markets as volatile as these, sensible assessment of fund managers' prospects is hardly facilitated.

**Nikki Tait**



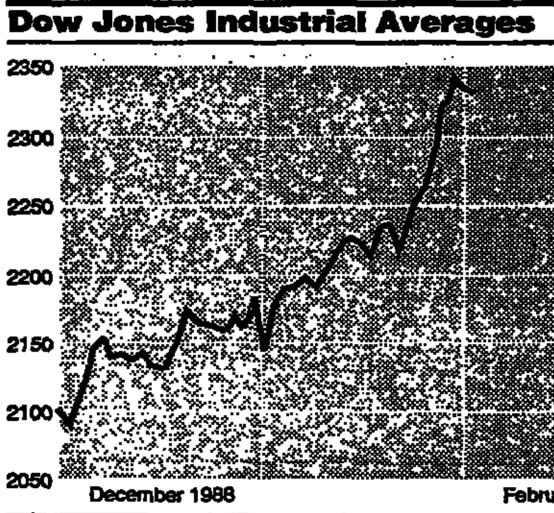

**HIGHLIGHTS OF THE WEEK**

| | Price y'day | Change on week | 1988/89 High | 1988/89 Low | |
|---|---|---|---|---|---|
| FT Ord Index | 1689.0 | +50.1 | 1689.0 | 1349.0 | Renewed institutional demand. |
| AIM Group | 330 | +32 | 335 | 188 | Award of large US contract |
| Amstrad | 173 | -11½ | 234½ | 113 | Flemings "sell" and downgrading |
| Bassett Foods | 562 | +92 | 564 | 195 | £91m agreed bid from Cadbury |
| Cons. Gold Fields | 1427 | +132 | 1427 | 758 | Minorco bid clearance |
| Eurotunnel Units | 763 | +173 | 769 | 232 | Encouraging progress report |
| Greene King | 581 | +46 | 581 | 434 | Elders IXL stake speculation |
| ICI | 1195 | +62 | 1205 | 947 | Ahead of results |
| Jersey General IT | 505 | +95 | 545 | 375 | LIT bids for minority interest |
| Neill (James) | 236 | +22 | 242 | 174 | Triplex Lloyd stake speculation |
| Reed International | 457 | +49 | 471 | 332 | Buy-out hopes strengthen |
| Schroder Global IT | 269 | +23 | 272 | 171 | Bid from British Empire Secs. |
| Smith (W.H.) A | 292 | +26 | 337 | 205 | Better-than-expected interim figs. |
| Vaux Group | 836 | +57 | 838 | 479 | Stake-building speculation |
| Yorkshire TV | 283 | +37 | 283 | 168 | County NatWest "buy" recommend. |

WALL STREET

# When reality doesn't matter

**Dow Jones Industrial Averages**




IT MAY be an old-fashioned question, but there are certain market circumstances when it must be asked: *are you a speculator or a long-term investor?* There may not be a clear-cut answer, since everybody is a bit of both, but making at least a notional separation gives a much clearer picture of the contradictory forces at play on Wall Street.

This point was well illustrated by Wall Street's response to the extremely ominous employment figures published yesterday morning. The *distinction between speculators* and fundamentalists is likely to become even more apparent next Thursday, when President Bush presents his first budget.

The 408,000 jump in January's payroll employment was far above consensus estimates of around 280,000. Now, if there is one economic development the equity and bond markets are supposed to fear it is an acceleration of business activity. And stronger economic growth was precisely the message that rang out loud and clear from the employment figures. Having emerged from the doldrums, America is again becoming the free-spending, confident nation which taught the world to love debt.

From the speculator's standpoint, nothing could be more alluring. It was the borrowing and spending spree which began in mid-1986 which created *the great bull market of* 1987, once the falling dollar was stabilised by the Louvre Agreement at the beginning of that year. In 1989, many of the same conditions appear to be reasserting themselves. Interest rates, admittedly, are rising. But they were rising through most of 1987 as well.

If anything, the interest rate outlook is now better for equity investment than it was two years ago. For it is increasingly clear that the Fed is now even more reluctant to slow the economy than it was under Paul Volcker. Despite the much-publicised promise to "err on the side of restraint" by Alan Greenspan, the central bank's chairman, Fed spokesmen have recently raised their public estimates of the economy's "non-inflationary growth rate" from 2½ per *cent to 3 per cent or more*.

One of their main reasons for doing this will become apparent when President Bush presents his revised budget. The deficit will hit the target of $100bn set in the Gramm-Rudman budget law. But it will only do this by assuming economic growth of above 3 per cent, combined with a sharp fall in interest rates.

In reality, those two objectives are incompatible, at least if Greenspan is to be taken at his word about the Fed "erring on the side of restraint" in its monetary policy. The beauty of the US budget process, however, is that reality does not matter — at least in the present euphoric state of the financial markets.

Remember the 1987 crisis in US fiscal policy, when President Reagan and Congress were *forced to* knock their heads together in the aftermath of Black Monday to produce a budget deficit compatible with the Gramm-Rudman target of $120bn to $130bn? Eventually the fears of another crash overcame the politicians' obstinacy and they agreed on a budget with a deficit of only $129.5bn. It was that heroic decision that laid the foundations for the post-crash recovery in the world's financial markets last year.

What fewer investors seem to realise, however, is that the $120.5bn deficit agreed for the current fiscal year is now universally forecast to come out at around $160-165bn. In other words the painful deficit cuts of around $25bn agreed amid such fanfare in 1987 have actually turned into a $10bn expansion in the deficit.

In the present speculatively-driven mood of the markets nobody seems to care about this. After all, as that sober publication, the Bank Credit Analyst, points out, "the Gramm-Rudman law is peculiar because Congress is required only to forecast that the targets will be met — there is no need to hit them and no penalties are incurred if the targets are exceeded."

One might expect that the generally sceptical Bank Credit Analyst concludes from this analysis that this year's fiscal policy tightening will again turn out to be a charade, and that the inflationary pressures in the US economy will continue to intensify. Far from it — the BCA is bullish on both the US bond and stock markets, on the grounds that a strong dollar and a responsible monetary policy will bring about an economic "soft landing."

As Greenspan said in testimony to Congress this week, the financial market consensus is coming dangerously close to concluding that deficits, both in the government budget and in the current account, do not matter. In the short term, this consensus could well expand to include more and more speculators and turn into a self-fulfilling prophecy. At that point, however, alarm bells should start ringing for the longer-term investor.

| | | |
|---|---|---|
| Monday | 2,324.11 | + 14.25 |
| Tuesday | 2,342.32 | + 18.21 |
| Wednesday | 2,338.21 | − 4.11 |
| Thursday | 2,333.75 | − 4.46 |

**Anatole Kaletsky**

JUNIOR MARKETS

# The pain is only just beginning

IF YOU thought Unlisted Securities Market (USM) were bywords for success, think again. According to a report issued by Barclays de Zoete Wedd (BZW), this year will be an extremely difficult one for USM companies.

High interest rates, squeezed margins and reduced scope for acquisitions will hit earnings growth, it says. Thus USM shares, with a few notable exceptions, are set for a year of severe underperformance. "The pain," it says gloomily, "has only just begun."

BZW's downbeat message is based on the principle that smaller companies could be knocked for six by problems in the UK economy.

Small companies are particularly vulnerable as they are more likely to have a narrow spread of activities, a small customer base and no export sales, it says.

In addition, high interest rates and lower market ratings will curb acquisitions, which have fuelled so much growth in the past few years. What is more, some of the more hasty acquisitions made in the heat of the bull market may start to unravel.

Moreover, many USM companies have grown and prospered in the boom years of the UK economy and, accordingly, may have insufficiently experienced management to deal with harder times.

So much for the theory. What are the practical consequences for companies? It is, *doubtless*, a touch premature to judge fully these prophesies. However, a succession of mishaps has recently come to light that illustrate the kind of problems afflicting smaller companies.

The most basic of these is that it takes a relatively small number of mishaps to knock a small company off course. Take Plumb Holdings, for example. Three weeks ago, it announced that despite a record order book, profits would be disappointing because of losses on an overseas contract and a planning delay in a UK division.

Another common *stumbling* block for USM companies is lack of management resources to deal with an acquisitions programme. An example of this is *Spice, the car parts* wholesaler and distributor. Late last month, it announced that it would move into the red, thanks in part to a loss of management *concentration on* its core business.

A similarly dismal story has emerged from Moss Trust, an advertising group based in Leeds. Moss has long been accident prone, but matters came to a head yesterday when it announced possible inaccuracies in its last set of accounts.

Earlier in the week, Moss announced that it was trading at a loss — a situation it blamed on a litany of problems stemming from high overheads and poor management controls.

A contributing factor was the breakneck pace of its acquisitions programme. *Although the acquisitions have* proved worthwhile, says chairman Stuart Pearson, the search for them was problematic. "People who really should have been running the business became involved in taking decisions on acquisitions and took their eye off the ball," he says. Yet another common predicament stems from over-dependence on a very narrow range of products. Inevitably, these companies are more vulnerable to changing fashions or shifting markets.

Witness Kitty Little, a maker of fragrant gift products, which recently made a profits warning, partly because it found that consumer tastes had swung away from its spice ropes and sachets.

Another *example is* BCE Holdings, a specialist in snooker tables and accessories, which two weeks ago announced reduced profits at *the interim* stage. Its problem stem in part from a squeeze on margins in the UK and in part, from a sharp rise in interest costs.

This illustrates another common worry about USM companies — namely that they are too highly geared. The average level of gearing on the USM is between 25 and 30 per cent. That appears far higher than the 20 per cent average for main market industrial stocks.

But the *significance* of these figures may not be quite what it seems. For one thing, the acquisitive nature of USM companies means that good will *write-offs* frequently dent their balance sheets. For another, the overall figure may be unduly influenced by the heavy complement of building *companies* on the USM.

In fact, the degree of gearing varies quite dramatically between different companies on the USM. Companies new to the market, after all, tend to raise money to eradicate their borrowings.

In the view of Marian MacBryde of Hoare Govett, this illustrates just how difficult it is to generalise about the effects of the economy on USM companies. The quality of some USM companies is such, she says, that an economic downturn would merely reduce a magnificent profits increase to an excellent one. Furthermore, USM companies are so individualistic that it is impossible to draw trends even across a single sector.

**Vanessa Houlder**

# GT falls for a foreign fling

CLIENTS of GT Management may be wondering this weekend whether a royal wedding is suitable compensation for the group's loss of independence. After months of speculation, GT, one of the UK's last remaining independent fund management groups, has recommended that shareholders accept an £91.5m offer by the Bank in *Liechtenstein*.

Will it make any difference to clients? "Not a scrap," says David Fitzwilliam-Lay, GT's chief executive. "GT will *continue to be run by its* own directors." Although, he adds: "Their chairman will be our chairman and there will be two other directors on the GT *board*."

"We always wanted to stay independent," says Fitzwilliam-Lay. But the need to find outside capital to boost finan*cial resources proved too* great. BIL, which has grown rapidly, has consolidated assets of some SFr 6.4bn (£2.3bn) and an estimated SFr 14bn to 15bn under *management*.

In common with other fund management groups, GT has suffered since the October 1987 stock market crash. Its efforts to develop overseas business, particularly in Japan, contributed to a rise in costs which reduced first half profits by more than two thirds. Year end profits are expected to be £5.5m, compared with £12.77m over the previous period.

In an attempt to cut costs, GT's senior fund managers took a pay cut of 15 per cent and those below board level saw salaries fall by 10 per cent last year. Coupled with persistent rumours about the company's future, this has had an adverse affect on performance and morale, and several senior managers left in 1988.

Independence, and a share of the profits, were previously key factors in motivating the senior staff. About 30 per cent of GT's equity was in directors' hands. But after the proposed takeover GT managers will no longer have a direct share in the business.

**GT's Funds under management**

| | Percentage of Total |
|---|---|
| Unit Trusts | 10.3 |
| Investment Trusts | 5.3 |
| Investment companies: offshore funds | 23.4 |
| Pension funds | 29.3 |
| Others | 31.6 |

Richard Eats, GT's marketing manager, says that ways of including GT's personnel in the bank's existing share scheme are being examined.

Having non-voting bearer shares quoted in Zurich in the BIL is not quite the same thing. Nevertheless, GT's board members have all signed two or three-year contracts.

There is little overlap between GT and BIL's businesses. Although Eats claims that there is a potential use for BIL's retail expertise to sell GT's products, BIL has only a small retail network, and it is difficult to sell investment products across Europe.

BIL has indicated that it will not be interfering very much — but then a lot of other banks said that when they bought investment businesses and proceeded to do exactly the opposite.

GT was formed in 1969 by Richard Thornton and Tom Griffin, with the backing of Berry Trust, its first major customer. *It was one of the first* institutions to make the most of investing in the expanding Far Eastern stock markets.

But it was racked by management problems which affected investment performance *and resulted* in Thornton's resignation in 1983. The company barely had time to restructure before the difficulties of UK Provident, a large *shareholder* in Berry Trust, forced its stock market issue in 1986, valuing the group at £101.5m. Few companies would choose to come to the market just *before* it embarked on a big push for growth.

At the same time, performance in certain areas was clearly seen to be slipping. For instance, the capital value of GT's Far Eastern and General fund rose by only 12.1 per cent over the last year, compared with an industry average gain of 23.9 per cent, ranking GT 69th out of 77. Over a five-year period, the picture is only a little better, as the fund ranks 23rd out of 28, with capital growth well below average, according to FINSTAT figures.

The picture is also gloomy for investors in GT's North American funds. On a one-year view, the American Special Situations fund was 89th out of 118 funds, while the US & General fared even worse at 116th, with the capital value down by 3.1 per cent.

But the UK Income fund has recovered remarkably from 60 out of 66 over five years to 9th *out of 66 over one year. GT's* UK capital fund has also performed well, rising from 18th out of 89 five years ago to 14th out of 170 on a one-year view.

Investors who still hold GT shares have the option of taking cash or bearer participating certificates in BIL, which values GT's shares at about 195p, compared with a cash offer of 180p per share. For simplicity and practicality, most will probably opt for cash. Analyst Philip Gibbs at CL-Alexanders, Laing & Cruickshank reckons that 180p "is a reasonably fair price, although they could perhaps have got a little more."

**Heather Farmbrough**

## FINANCE & THE FAMILY

**Is the stock market rally going to last — and what will happen to interest rates? FT writers quiz professional investors and economists**

# Fox who fears the bears

WILLIAM FOX has a better track record than most fund managers for getting the stock market right. But then, he has been studying it since 1929, when few of the City's current generation of fund managers were even in nappies.

So reports this week that private investors were joining the rush to buy equities failed to impress him.

"The present build-up is entirely illogical," he argues. "We will get another sudden collapse in the market — there is another Black Monday building up."

Fox was one of the few people who correctly predicted both the timing and the extent of the stock market crash in October 1987. Fox was almost 100 per cent liquid when the market crashed.

He believes the present recovery in the market is very thinly based. "Sooner or later, Mr Lawson has to bring down interest rates — they can't go on for ever at this rate and then the pound will collapse. All that keeps our currency up is high interest rates."

Fox has no intention of moving back into the UK market. His investments are currently spread between overseas currency funds (reflecting his feelings about the vulnerability of the pound), index linked gilt edged stock, general Far Eastern unit trusts (not Japan where price earnings ratios are high) and the rest in the building society.

Another FT reader, a retired doctor in Bedfordshire, admits

### There is a shaky confidence in the air, thinks Heather Farmbrough

wondering "whether I should get back in" over the last few days. For the last few months he has invested a considerable amount in the building society.

"I like being able to have my money where I can get at it and I hate paying capital gains tax on shares. I didn't get out of the market soon enough in October 1987 and I haven't really been tempted to get back in. It worries me."

He is not the only former investor whose burnt fingers makes him reluctant to move back in. Nicholas Roach, a director of Allied Dunbar unit trusts, says that purchases of units have picked up tentatively rather than dramatically over the past few days.

Unit trust purchases tend to peak at the top of the market and to be lowest at the bottom (evident from December's poor net sales figures), so one would expect a time lag between a rally and purchases.

Should you be going back into the stock market, or will the rally be short-lived? At the end of last year, the *Financial Times* asked ten investment managers about their outlook for 1989. None of them expected a rally in the first half; some predicted one later in the year as they expected interest rates to come down.

Only one, Hugh Jenkins at Allied Dunbar, predicted that the FT-SE 100 would be higher at the end of the year than it has been this week. This does not mean, of course, that we are not in for another downward move which would vindicate the less bullish fund managers.

James Shillingford, managing director of M & G Investment Management, said last December that he was "moderately bullish" and that he expected the FT-SE 100 index to be 2,000 at the end of the year.

With the index already higher than this, what has changed? "There was more uncertainty about inflation staying at between 6.5 to 8 per cent," replies Shillingford. "Thatcher has restated her determination that inflation is one of her priorities. High interest rates seem to have been effective in reducing demand. The inflation rate now looks like being lower at the end of the year than the start, while interest rates are at their peak and will ease towards the end of the year."

Mike Kershaw, investment manager at Royal Life, predicted the FT-SE 100 would be 1,900 at the end of the year. Now, he says, he would look for perhaps 5 to 10 per cent more at the end of the year, or 2,000 plus. However, he is sticking to his original forecast trading range of between 1,800 to 2,200 over the year. He believes that the October 1987 crash was more an aberration than the start of a bear market and that the current rally is a simply a correction to an oversold market.

But why has the rally been greater than anyone anticipated? "Two things," says Kershaw. "Confidence. If markets rise, people expect them to rise further. The other factor is that institutions are afraid about being left out when the market rises. They currently have a huge cash surplus which has to be put to work. Gilts are less available in large quantities (as the Government is buying back stock) and although the Chancellor hopes that bulldog issues will fill the gap, there isn't the stock around so it has to go into equities."

Down in Devon, William Fox says: "I have a great sympathy for the unit trust groups. Their performance is under such a spotlight that if there is a rise in the market of three to four per cent, they can't afford to keep out."

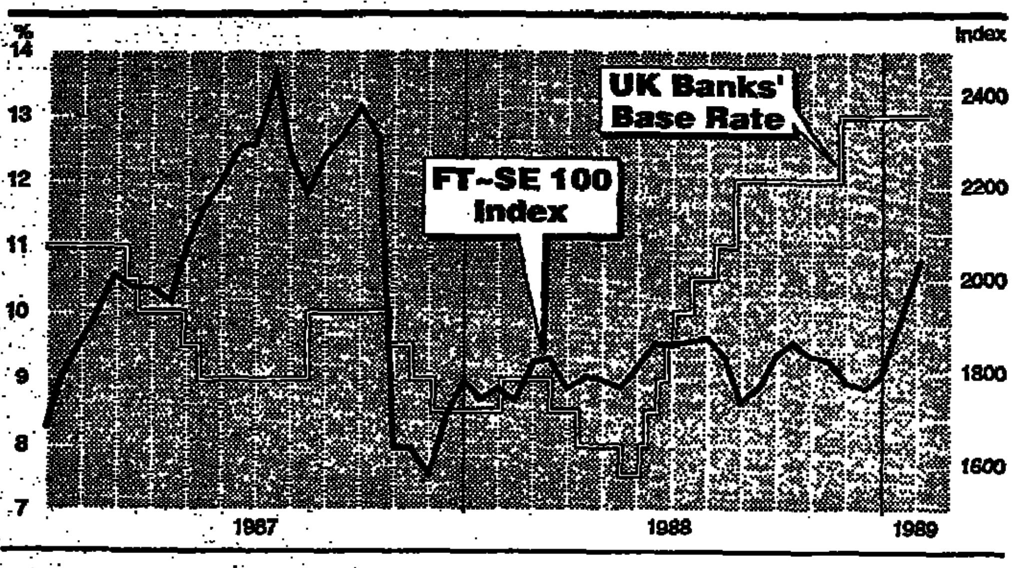
It is not just UK institutions who are buying the UK market — which seems to have enjoyed an unique re-rating. With price earnings ratios for the end of a year on a prospective rating of ten, a historically cheap level, foreign institutions have been picking up stock too. Last year, the UK was one of the worst performing markets, rising by only 6 per cent, so, arguably, it was due for a comparative re-rating.

*Is the rally sustainable?* Derek Scott, an economist at BZW Securities, warns that we are due for a setback. Nevertheless, he feels that the market is well supported at around 1,950.

But he cautions against getting carried away and rushing back into the market. "There is a great deal which needs to happen before we see interest rates falling. Until then, talk of cuts is premature. Although we don't need interest rates above 13 per cent, it would be mad for us to relax the current policy too soon. The authorities are going to be concerned about monetary indicators for some time."

Shillingford, too, is still reasonably cautious, and is sticking to his original forecast for the FT-SE index as he argues an economic slowdown could have an adverse impact on manufacturing and profits and thus on dividend and earnings growth.

So confidence is returning to the UK stock market, but it still looks shaky. Those brave enough to risk putting their money in might consider regular premium policies which offer a pound cost averaging facility over the next year to cover their risk. But perhaps William Fox should have the last word, in deference to his seniority and experience. "The UK market is like a clothes line," he says, "propped up with a pole which is about to fall over."




# Calm after the storm

AFTER THE storm comes eerie calm.

From early summer to autumn Nigel Lawson, the Chancellor, repeatedly pushed base rates higher — from 7.5 per cent to 13 per cent in six months. But since November, interest rates have been unchanged.

City analysts believe rates may have reached a plateau and some have spotted a fall on the horizon. There is even speculation that base rates could be cut after — or perhaps just before — a prudent Budget on March 14, starting a graceful slide towards single figures by early 1990.

Their forecasts, however, are based on a big assumption: That the current level of interest rates will significantly reduce inflationary pressures and economic growth. Lawson raised rates largely to control inflation. He is unlikely to relax the brakes until evidence of a deceleration is clear.

If there is any indication of a pick-up, a rise to 14 per cent cannot be ruled out.

The Government has had its fingers burned once before. In May it cut base rates to 7.5 per cent as part of its policy of maintaining a stable exchange rate. But within weeks the fall had been reversed and by June it was clear that inflationary pressures were not subsiding.

That said, there are some encouraging — but not yet definite — signs of a slowdown in economic figures released in the past month. Retail sales volumes fell in December, after adjustment for normal seasonal variations, the second consecutive monthly fall. Earnings showed no signs of accelerating and the cooling-off in the housing market began to look pronounced.

However, there is a further complication. The Government's anti-inflationary strategy depends heavily on sterling remaining firm. A strong pound, it is thought, reduces import costs and, by putting companies at more of a disadvantage against overseas competitors, will control profit margins and make businessmen less likely to accept improper wage demands.

The pound's recent strength has owed much to the relatively high rates of interest available in the UK. This could be threatened if a fall was thought likely. Lawson will be anxious not to send the wrong signals to currency markets.

More worryingly, with speculation growing about higher interest rates in West Germany and the US, differentials with UK rates could be eroded before signs of a economic slowdown are apparent.

Derek Scott, an economist at Barclays de Zoete Wedd, said: "It would be a potentially dangerous thing to be cutting interest rates when others are raising theirs."

Sterling's firmness could be rocked by another bad set of trade figures or other damaging economic statistics. It escaped unscathed after December's trade figures last week showing a £1.36bn current account deficit, but a bigger number in coming months could unsettle confidence.

| Base Rate forecasts | | |
|---|---|---|
| City securities house | End-April | End-December |
| Barclays de Zoete Wedd | 13 | 10½ |
| Chase Investment Bank | 13 | 11 |
| Hoare Govett | 12 | 10 |
| Morgan Grenfell | 13 | 12 |
| SBCI Savory Milln | 13 | 11 |
| Warburg Securities | 12½ | 12 |

Moreover, higher interest rates have also led to a marked cooling-off in the housing market, helping to reduce inflationary pressures. Probably the full effects have not yet been felt with the market usually quiet at this time of year. But there is a danger that lower rates soon after the Budget could put more vigour into the market, fuelling inflationary pressures precisely at the time when house sales normally start to pick up again.

These fears mean hopes of an early fall in base rates are subdued. After each of the last five Budgets, interest rates have fallen. But a survey by MMS International, the financial research company, showed only 56 per cent of the City banks and securities houses questioned expected a base rate cut in the week before or the week after March 14.

Ian Harwood, UK economist at Warburg Securities, said: "I get the feeling that Mr Lawson is not going to run any risk at all. He will keep base rates at 13 per cent until he is absolutely sure that the economy is slowing."

Even modest tax cuts in the budget — at least in relation to the size of the surplus in public sector finances — could unnerve markets, it is thought.

"Something like a £2bn giveaway would not be regarded as particularly tight," said Joanne Curley, an economist at Morgan Grenfell. "The question would be then whether the markets would have the confidence, with that kind of extra stimulus coming into the economy, to underpin a cut in base rates. If they don't, then sterling would start to slide."

Looking further ahead the outlook appears more encouraging. Base rates are forecast to come down as the economy begins to slow. The MMS International survey showed the average of City forecasts is for base rates to fall to 12 per cent by the end of June and 11 per cent at the end of December.

The Chancellor will have to proceed with caution. Conditions may be calm at the moment, but many a squall could lie ahead.

**Ralph Atkins**

# Private health insurance tonic

THE INTRODUCTION of tax relief on private medical insurance, proposed as part of the reform of the National Health Service announced in a white paper this week, is far more generous than generally expected.

Key points are that the tax relief will be allowed for anyone over 60 years old, not just the retired. Even more important, the relief will also be available at the top rate of tax to the person paying the premiums, providing the beneficiary is over 60. In other words, a son or daughter will be able to take out a private health insurance policy on behalf of their parents and claim full tax relief on the payments.

Full details are yet to be finalised. For example, the Chancellor in a written parliamentary answer this week referred to "someone such as a relative" being eligible for tax relief, and the white paper talked vaguely about families. There is some uncertainty too about which policies will be included. Will, for example, simple hospital and health cost policies be eligible?

Nevertheless, there is little doubt that it will give a big boost to the medical insurance business and greatly extend the number of elderly people able to take out policies, either by using tax relief themselves or encouraging younger relatives to do so on their behalf.

"We are utterly delighted," said Stephen Withers, strategic planning manager of BUPA. "We thought that any tax concessions for the elderly would be confined to those over the official retirement age of 65. And for younger people to be able to claim tax relief at their top rate on providing health care for their elderly relatives is a real tonic. What better gift could you provide as a 60th birthday present?"

Withers said that BUPA planned to have new health insurance schemes available

## John Edwards on the key tax relief plans outlined in a white paper

by April 1990, when the proposed tax relief concession is due to start. But they were already geared up to handle the mechanics of the scheme, which will operate in a similar manner to the standard home loans MIRAS (Mortgage Interest Relief At Source) scheme.

*Suppliers of policies will deduct the basic rate of tax from the gross premium, and higher rate taxpayers will then have to claim the additional relief direct from the Inland Revenue. Thus, for a policy with a gross premium of £100, at current tax rates the buyer would pay £75 and be able to claim a further £15 relief if they were a higher rate taxpayer.*

The current subscription for a BUPACARE policy for a single person aged 61 is £343.20. With only standard rate tax relief being claimed there would be a saving of £85.80 a year. For a married couple currently paying £1,102.68 a year, the saving would be £275.68 at standard rate tax.

For the cheaper BUDGET BUPA, Withers claimed that the cost could be reduced to below £100 a year, if the full 40 per cent tax relief was used.

It is estimated that at present there are some 600,000 private health insurance policies providing various kinds of cover to people over 65 against the costs of medical treatment. BUPA, the market leader, and Private Patients Plan (PPP), number two in the market, have negotiated special deals with hospitals and reduced *premiums accordingly.*

PPP, for example, which has some 160,000 policies for those over 60, said that its Retirement Health Plan had been selling strongly, with many younger people already paying for elderly relatives without the benefit of tax relief. David Cavers, the company's chief commercial executive, said the proposed tax concessions would generate a "considerable increase" in business with the number of policies likely to double over the next few years.

The Association of British Insurers was less enthusiastic. It pointed out that private health insurance for the over 60s was limited, since it could only be afforded by a minority.

However, it is expected that the introduction of tax relief will encourage the development of innovative schemes and newcomers to the market. At present it is dominated by BUPA with a 54 per cent share of the total, followed by PPP with 27 per cent and Western Provident with 7 per cent. Commercial insurers, such as Sun Alliance, are seeking to break into the market, but have made only limited inroads.

The bulk of private health policies are taken out by companies as a perk, or taxable benefit in kind for employees, or alternatively companies negotiate special cheap group rates on behalf of their employees. What will happen to employees over 60 is one question to be resolved. So too is the position of family trusts providing medical insurance for the beneficiaries.

Consultations between the Inland Revenue and the medical insurance companies are to be held shortly to clarify the proposals. But there seems little doubt that the over 60s will have much more access to private health care after 1990.

## IN THE NEWS

*FIDELITY is today launching* its Cash Unit Trust; the first money market unit trust to become available to the public under the new wider investment environment for unit trusts.

Permission for unit trust groups to market money funds was given by the Department of Trade and Industry several months ago. However, Fidelity has been negotiating over a long period with the Securities and Investment Board, the Investment Managers Regulatory Organisation and the Inland Revenue for approval of its money market fund.

The fund will invest in a wide range of cash deposits and near-cash securities. Being a money fund, there is no spread between the bid and offer prices.

The initial gross yield is a respectable 12.2 per cent. However, only accumulation units are available. The investor receives 9.15 per cent net of basic rate tax in the form of an increase in the unit price, not from dividend or interest payments, and any higher rate tax liability has to be accounted for. There should not be any Capital Gains Tax liability.

There is no initial charge *and the annual management* charge is 0.5 per cent.

However, despite the attractions of low charges, investors should regard a money market fund as a temporary home for their cash between switching in and out of equity funds.

Barry Bateman, managing director of Fidelity Investment Services, sees this fund as providing a tax efficient way of enabling investors to manage their portfolios with more flexibility.

As such the switching facilities are good. There is no charge to switch money into the fund and the 3 per cent switching discount is still available when switching out into the group's other funds.

Investors can expect other management groups to follow *on the heels of Fidelity.*

INTERNATIONAL, one of Japan's largest stockbroking groups, is making its first venture into the UK unit trust market. It is linking up with the Thornton group to relaunch the Thornton Japanese Opportunities Trust under a new name of Sanyo-Thornton Japan Trust.

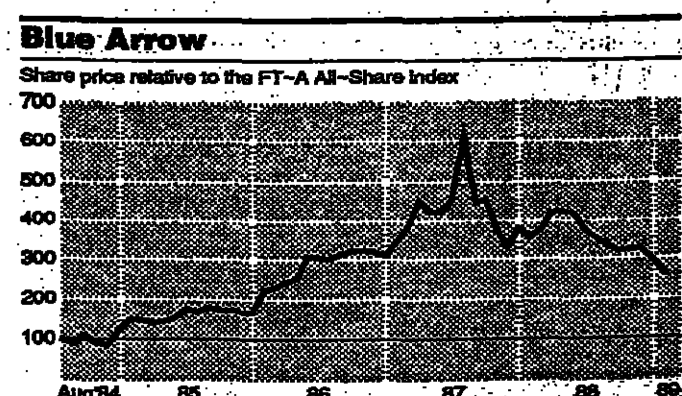
Richard Thornton, chairman of Thornton group, said the relaunch of the fund was aimed at building their presence in the Japanese market.

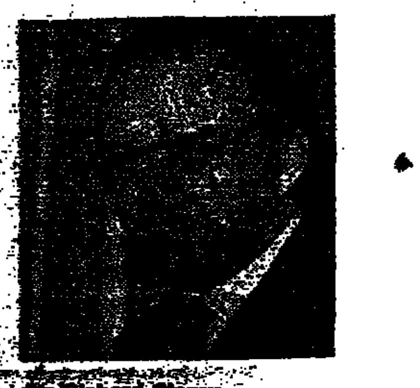
So far the Japan Opportunities Trust, launched in April 1986, has been a very modest performer. It has attracted only just over £2m and over a two-year period provided a return of only £1,069 for every £1,000 invested giving it a ranking of 50th place in the performance table among a total of 59 funds in the sector. Its performance record has improved recently, but Thornton has high hopes of a considerable boost being provided by Sanyo and the appointment of a new fund manager.

Bearing in mind that the group charges a hefty annual management fee of 1.75 per cent investors have a right to expect above-average performance. During the special offer period from February 6 to 22, investors will receive a 1 per cent discount from the initial charge of 5 per cent. Minimum investment is £2500.



Mitchell Fromstein



Sir Richard Storey

NEXT WEEK

# Blue Arrow back in even flight

AFTER A week's delay, next Tuesday should see 1987-88 results from Blue Arrow, the troubled employment agency group. The delay reflected in part the inevitable disruption which followed Mitchell Fromstein's accession to chief executive.

Fromstein, formerly head of Manpower, had left Blue Arrow in December after a dispute with the group's chairman, Tony Berry. He returned dramatically last month after a boardroom coup which stripped Berry of his executive duties.

Blue Arrow's shares have never recovered from the after-effects of its untimely £837m rights issue to finance the Manpower bid shortly before the 1987 stock market crash. Pre-tax profit expectations for the year to October 31 fall into a range between £75m and £85m before tax, says Andrew Mills, agency analyst at Barclays de Zoete Wedd. This compares with forecasts of £110m from the company's brokers, Phillips & Drew, at the time of the Manpower bid; P&D subsequently revised this to £80m.

There will also be news from a couple of "victims" of the takeover game – one actual, one potential.

The "actual" is the Manchester Ship Canal Company, where property developer John Whittaker won voting control in February 1987, after a year of fighting for it. The fight has not finished yet. On Tuesday, a public inquiry will begin to look into plans to change the company's statutes.

The company wants the Government to pass a harbour revision order removing the statutory right of Manchester City Council to a boardroom majority of one.

The Council is willing to go along with this, for a consideration; but minority shareholders in the company, which include Prudential Assurance and the Water Authorities Pension Fund in their number, are thought to be trying to force a high buy-out price for their shares out of Whittaker, in line with their perceived valuation of the company's property development prospects.

The company's full-year figures are also due on Friday.

Portsmouth and Sunderland Newspapers this week briefly had David Sullivan, publisher of Sunday Sport and of "girlie" magazines, as a shareholder. Sullivan held his 5 per cent stake for only a few days before selling it on at a profit to Associated Newspapers.

Sir Richard Storey, P&S chairman, will deliver the regional newspaper publisher's third quarter figures on Thursday. He is unlikely to be worried by Lord Rothermere any more than he was by Sullivan. Sir Richard has 18 per cent of the company himself, and more than 40 per cent of the shares are controlled by family interests.

Nevertheless, Sullivan's remark that he thought P&S was worth closer to £100m than the £40m market capitalisation in the wake of his purchase will have focused new attention on the potential value of the group.

Electronics is the major industrial feature of the week, a lot of it on Tuesday. That day sees results from Securicor and its 51 per cent owned subsidiary, Security Services. Shares in these two (non-voting in the case of Securicor) have more than doubled from their 1988 lows on the back of a 40 per cent stake in Cellnet, the mobile telephones company.

David Gibbons of James Capel notes that British Telecom's purchase of 22 per cent of McCaw Communications in the US valued it at $128 per head of population in its franchise areas. The same figure, he says, would come out at $95 in the Racal Telecom share price, adjusted for non-cellular telephone ingredients, and about $35 in the case of Securicor.

He expects a maiden contribution from Cellnet in next *week's figures for the year to* September 30. These should rise from £20m to £27.5m pretax for Securicor, with prospects of £45m for the current year. For Security Services, the expectation is £19m (against £16.1m in 1987-88 and a potential £29m in the current year).

Interim results to be announced on Tuesday include Unitech, the electronic components manufacturer in which Elektrowatt, the Swiss energy and electronics company, has a 29.9 per cent stake.

Kleinwort Benson analyst Robert Collins notes that management gave a clear pointer to current trading at the time of the Veeco acquisition in November. This is reflected in a narrow range of analysts' forecasts of between £7.5m and £7.8m against £6.35m at this stage last year.

Shares in Cray Electronics had a traumatic time in early December, when analysts revised their profit forecasts for the current year back to around £20m against earlier expectations of £23m and an actual £13.1m in 1987-88. Ronnie Dunbar of Shearson Lehmann goes for £6m, against £4.06m at the half-way mark.

Union Discount, which reports its full-year results on Wednesday, is regarded as a straight interest rates play – straight, that is, unless it gets its gilts book the wrong way round when interest rates move unexpectedly. So it happened last May. In July, Union reported that profits for the first six months of 1988 were "significantly lower" than those in the same period of 1987.

Richard Furlong of Laing & Cruickshank thinks that Union will have coped well enough with the succession of interest rate rises last summer, but that the unexpected increase in November might have proved another stumbling block. He expects profits to come out at £4.1m against a disclosed £11.1m in 1987.

Thursday's names include Bryant Group, whose interim results should should take the housebuilding end of the business into tougher territory; and Wessex Water, which is hosting an analysts' visit ahead of privatisation.

**William Cochrane**

# Cambridge-based tax advisers cease trading

INTERNATIONAL Tax & Investment Planning (ITIP), the Cambridge-based financial advisers specialising in expatriate business, has ceased trading.

However, there is no question of clients losing money, because the firm was an appointed representative of DBS Management, which has guaranteed to meet any valid claims.

Ken Davy, chairman of DBS Management, said that investigations were continuing into the collapse of ITIP. Meanwhile its clients were being serviced by DBS and priority was being given to ensure that they did not suffer financially in any way.

He said that as an authorised member of FIMBRA, the self- regulatory organisation for financial advisers, DBS had indemnity insurance and a reputation to maintain as one of the largest groups of independent firms.

ITIP was set up in 1986 by David Young, a well-known writer and broadcaster on expatriate financial matters. The majority of its 120 clients were based in the Middle East. It is believed that the firm was badly hit by the crash in the world stock markets in October 1987 that persuaded many expatriates to stop dealing in equities and leave their money on deposit instead, thus reducing the flow of commission income.

It joined the DBS network some six months, but this week DBS formally notified FIMBRA that ITIP was no longer an appointed representative. DBS Management is based at 33 East Street, Lindley, Huddersfield, HD3 3ND (0484-647255).

**Peter Gartland**

## RESULTS DUE

| Company | Announcement due | Dividend (p)* Last year Int. | Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Aaronson Bros. | Tuesday | 1.7 | 3.75 | 1.8 |
| Anglo & Overseas Trust | Friday | 1.25 | 2.5 | 1.35 |
| Beckenham Group | Tuesday | – | 0.75 | 1.0 |
| Blue Arrow | Tuesday | 0.2 | 0.8 | 0.6 |
| Chestergate Group | Monday | – | 1.0 | 2.0 |
| Fleming Claverhouse Inv. Tst. | Monday | 1.7 | 4.55 | 1.7 |
| Hodgson Holdings | Tuesday | 1.0 | 1.3 | 1.2 |
| Investment Trust of Guernsey | Friday † | 0.55 | 1.2 | 0.55 |
| Leading Leisure | Wednesday | 0.4 | 0.8 | 0.5 |
| Manchester Ship Canal | Friday | – | – | – |
| P&P | Wednesday | 0.8 | 1.5 | 1.0 |
| St. Modwen Properties | Wednesday | – | 0.5 | – |
| Scandinavian Bank Group | Thursday | 2.7 | 5.3 | 2.82 |
| Scottish American Inv. Co. | Wednesday | 0.5 | 0.55 | 0.56 |
| Securicor Group | Tuesday | 0.36 | 0.81 | 0.4 |
| Security Services | Tuesday | 0.76 | 1.51 | 0.84 |
| Sutherland Holdings | Wednesday | 0.33 | 0.77 | 0.85 |
| Throgmorton USM Trust | Thursday | – | 1.6 | – |
| Titaghur Jute Factory | Tuesday | – | – | – |
| Union Discount Co.of London | Wednesday | 11.3 | 17.3 | 11.5 |
| Ward Holdings | Thursday | 0.5 | 1.9 | 0.5 |
| **INTERIM DIVIDENDS** | | | | |
| Bryant Group | Thursday | 1.2 | 3.1 | – |
| Cray Electronics Holdings | Tuesday | 0.81 | 2.5 | – |
| Davies DY | Wednesday | 1.0 | 3.0 | – |
| Elbief | Thursday | 0.5 | 1.2 | – |
| Excalibur Jewellery | Monday | – | 0.05 | – |
| Helton Holdings | Tuesday | – | 0.5 | – |
| Howard Holdings | Monday | 0.5 | 0.8 | – |
| Portsmouth & Sunderland | Thursday§ | 1.21 | 4.07 | 1.51 |
| Ransom William & Son | Thursday | 0.44 | 0.9 | – |
| Second Alliance Trust | Friday | 7.0 | – | – |
| Unitech | Tuesday | 3.1 | 5.96 | – |
| Zurich Group | Thursday | – | – | – |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.§ third quarter figs.† gross pence per share.

## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £ms** | Bidder |
|---|---|---|---|---|---|
| Prices in pence unless otherwise indicated | | | | | |
| Bassett Foods | 400*§ | 580 | 400 | 62.94 | Procordia |
| Bassett Foods | 579 | 580 | 473 | 91.14 | Cadbury Schw'pes |
| Brit. Syphon‡ | 155* | 158 | 136◆ | 48.73 | Britannia |
| CSL Corp. | 145 | 143 | 108 | 30.05 | TIP Europe |
| Cambrian & Gen.‡ | 120*§ | 120 | 92 | 54.78 | Leucadia |
| Camb. & Gen. Cap‡ | 145*§ | 145 | 105 | 22.52 | Leucadia |
| Chapman Inds. | 425* | 420 | 350† | 18.48 | Munksjo AB |
| GT Management | 180* | 182 | 178† | 91.50 | Bk Liechtenstein |
| HPC Group | 132 | 129 | 123 | 8.79 | Sidlaw |
| Johnstones Paints | 230 | 224 | 206 | 24.15 | La Seigneurie |
| Polytechnic Elec. | 215 | 205 | 197† | 19.35 | Peek |
| Ricardo | 143 | 138 | 125 | 20.83 | First Technology |
| Ryan Int. | 140*§ | 137 | 104 | 69.59 | Digger |
| Thomson T-Line | 90* | 92 | 50 | 151.95 | Ladbroke Group |
| Viking Res. | 65*§ | 58½ | 57 | 22.0 | Aviva Pet. |

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 3/2/89.†At suspension. §§Shares and cash. ◆Corrected figure.

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Allied Textile | Sept | 11,850 | (9,640) | 31.6 | (27.7) | 10.6 | (9.2) |
| *Berkeley Govett* | Dec | *17,800* | *(13,819)* | *19.2* | *(14.0)* | *7.4* | *(5.7)* |
| Bullough | Oct | 26,330 | (21,234) | 44.7 | (36.3) | 17.0 | (14.0) |
| Cauldon Group | Sept | 271 | (-) | 0.48 | (-) | - | (-) |
| Cont. Assets Tst | Dec | 108 | (58) | 0.42 | (0.12) | 0.35 | (0.1) |
| Cook Thomas | Oct | 21,160 | (11,280) | - | (-) | - | (-) |
| Crown Comm. | Sept | 3,120 | (906) | 12.1 | (2.3) | 3.0 | (-) |
| Elec. Machine Co | Sept | 68 | (79†) | | | | |
| Gallaher | Dec | 236,400 | (169,700) | - | (-) | - | (-) |
| KLP Group | Sept | 2,570 | (2,448) | 13.7 | (18.1) | 6.5 | (5.0) |
| Securiguard Grp. | Nov | 3,220 | (1,570) | 20.0 | (13.9) | 6.5 | (5.0) |
| Telecomputing | Sept | 194 L | (886) | - | (12.1) | 0.65 | (1.5) |
| Throgmorton Tst | Nov | 10,555 | (9,142) | 14.3 | (12.1) | 13.25 | (10.6) |
| Whitegate Leis. | Dec | 66 | (-) | - | (-) | - | (-) |
| Wilding Office | Sept | 2,680 | (2,030) | 15.0 | (11.7) | 4.0 | (3.2) |
| Young Group | Dec | 2,520 | (1,810) | 22.2 | (17.9) | 3.25 | (-) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Aerospace Eng. | Oct | *1,320* | *(1,010)* | *1.58* | (1.26) |
| Associated Nursing | Oct | 273 | (213) | - | (-) |
| Bailey CH | Sept | 188 | (661) | - | (-) |
| Baldwin | Oct● | 2,150 | (1,050) | 1.15 | (-) |
| Black Peter | Dec | 5,020 | (3,910) | 0.65 | (0.51) |
| BOC | Dec© | 73,100 | (63,600) | - | (-) |
| Bremner | Nov | 23 | (137) | - | (-) |
| Bristol Channel Ship | Sept | 31 L | (61) | - | (-) |
| British Bloodstock | Sept | 332 | (118) | 2.5 | (2.5) |
| Churchbury Estates | Sept | 2,270 | (1,890) | - | (-) |
| DDT Group | Sept | 116 | (111) | - | (-) |
| Derby Trust | Dec | 1,990 | (1,830) | 6.82 | (6.1) |
| Dudley Jenkins | Oct | 241 | (187) | 1.0 | (-) |
| Dunton Group | Nov | 504 | (261) | 0.46 | (0.26) |
| Flextech | Sept | 778 | (164 L) | - | (-) |
| GT Japan Invest. Tst | Dec | 746 | (91) | 0.5 | (0.4) |
| Harvey & Thompson | Dec | 1,000 | (802) | 4.0 | (3.0) |
| Haynes Publishing | Nov | 1,430 | (1,450) | 8.0 | (7.0) |
| LIT Holdings | Sept | 3,500 | (2,500) | 2.7 | (2.7) |
| Minty | Oct | 168 L | (115 L) | - | (-) |
| Mitsys | Nov | 1,820 | (885) | 1.8 | (1.2) |
| Molinare Visions | Nov§ | 65 L | (320) | - | (-) |
| Mountleigh Group | Oct | 24,770 | (35,420) | 1.25 | (1.25) |
| Multitone Electronic | Sept | 286 L | (146 L) | - | (-) |
| Norbain Electronics | Oct | 22 | (20) | - | (-) |
| Rush & Tompkins | Sept | 3,320 | (2,534) | 4.0 | (3.25) |
| Scott Pickford | Sept | 33 | (40) | - | (-) |
| Smith WH | Dec | 41,600 | (30,000) | 3.6 | (3.0) |
| Sommerville William | Nov | 330 | (415) | 1.0 | (1.0) |
| Summer International | Sept | 151 L | (-) | - | (-) |
| Textured Jersey | Oct | 422 | (605) | 2.5 | (2.5) |
| UK Property Co. | Sept | 12,380 | (4,140) | - | (-) |
| Welsh Indust Inv Tst | Oct | 15 | (16) | - | (-) |
| West Industries | Sept | 183 | (2,123) | 0.25 | (0.25) |
| YRM | Oct | 1,170 | *(977)* | *1.25* | (1.0) |

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L – loss.§ last years figs for 11 months.● last years figs for 12 months.† included £27,764 exceptional items.© first quarter figs.

### RIGHTS ISSUES

Clarke Hooper is to raise £8.6m via a four-for-five rights issue at 135p.
Epicure Holdings is to raise £2.3m via a two-for-nine rights issue at 22p.
Jefferson Smurfit is to raise £82m via a rights issue of convertible loan notes.

### OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Malaya Group is to join the USM via a placing of 2m shares at 47p.

# M&G

# A STATEMENT ON UNIT TRUST CHARGES

In the course of 1989 a series of unitholder meetings will be held to seek approval for changes to the Trust Deeds of M&G unit trusts in the light of the Financial Services Act and other regulatory measures. The proposed changes include wider investment and borrowing powers and the ability to charge trustees' and registrars' fees to the funds.

**We do not propose to seek any increase in our maximum permitted annual charge of 1 per cent (+ VAT).**

**Nor do we propose any increase in the maximum initial charge on our funds. This will remain at 5 per cent.**

Many of our competitors already levy charges well above these levels. Many others have sought or are seeking powers to increase charges beyond these levels.

Both new and existing investors in M&G funds will thus enjoy a significant advantage because of our lower charges.

At the same time they will reap the rewards of investing with a team of fund managers who have achieved outstanding investment performance, most recently endorsed by awards from *The Sunday Times, Money Observer* and *Money Management.*

This combination of low charges and good performance means that M&G unit trusts continue to offer outstanding value.

**M&G**

Sunday Times Unit Trust Management Award for UK Equity Fund Management, 1988
Money Observer Premier Unit Trust Group, 1988
Money Management Large Unit Trust Group of the Year, 1988

M&G Securities Limited, Three Quays, Tower Hill, London EC3R 6BQ. Telephone: 01-626 4588

Member of IMRO. Member of LAUTRO. Member of the Unit Trust Association.

**THE M&G GROUP**

**Eric Short** outlines the main proposals of a report by the Occupational Pensions Board

# Employee pension safeguards sought

GREATER SAFEGUARDS for employees in pension schemes is the theme of key proposals in a report* issued this week by the Occupational Pensions Board.

*The board, in its capacity* as an adviser to the Social Security Secretary, has been investigating the subject for eight months. The main proposals arising from this in-depth consideration are:

- Pension payments should be indexed to allow for price increases up to a maximum of 5 per cent a year. The board refers to this as a Limited Pension Increase or LPI.
- LPI guarantees would become mandatory if a pension scheme is wound-up, subject to there being sufficient assets in the scheme. *However, it does* not recommend that they should be mandatory for ongoing schemes.
- Employees cannot be transferred to other schemes without their consent and without adequate safeguards.
- A Pensions Tribunal be established that is able to adjudicate on company pension disputes.

The need for greater safeguards for employees and pensioners relying on company schemes is illustrated in a reader's letter. He asked : "Are the trustees of a company pension fund legally able to deny pensioners an increase in benefits indefinitely even if the fund has a huge surplus?"

The answer is yes they can legally deny pensioners an increase in benefits if the trust deed does not specifically state that any surplus should be used to improve benefits.

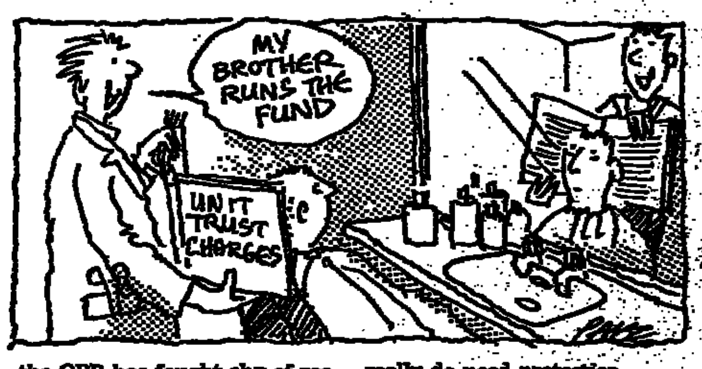
The Inland Revenue requirement that pension fund surpluses must be kept within specified limits leaves the choice of method by which those surpluses are reduced to the trustees.

Improving benefits is only one of the choices available. Reducing or eliminating the employers' contributions is another. A cash refund to the employer is a third.

*All pensions* based on final salary automatically provide inflation-proofing during the years the employee is working.

In the case of public sector schemes the inflation-proofing is continued when the employee retires by guaranteeing the indexation of payments.

But with company schemes, when an employee retires the inflation-proofing ceases. Pensioners, therefore, have to rely on increases made at the discretion of the trustees and employers to maintain their pension's real value. However, the OPB has fought shy of recommending the obvious and necessary safeguard for employees; that of requiring pensions to be revalued so that they maintain real value.




The LPI is a modest substitute, yet even here the OPB has shirked from recommending this requirement to be mandatory for ongoing schemes. Instead it urges employers to adopt the LPI guarantee as good practice and incorporate it within the scheme rules.

Not only is the level of protection low, but an employer can always change his mind and amend the rules to remove the guarantee. The OPB is somewhat bolder in dealing with mergers and takeovers — an area where employees really do need protection.

More and more predators are looking at the healthy surpluses in the victim's pension scheme to help finance the inflated acquisition costs.

There are three ways of stripping out a surplus: liabilities can be reduced to a minimum by removing all discretionary increases — with the scheme either wound-up or members looking after themselves; members switched *en masse* into another, inferior, scheme winding-up the old one; or, continuing the present scheme but reducing benefits.

The OPB reports deals firmly with the first two instances calling for legislation to enforce its proposals.

Where there is a winding-up, the LPI guarantee would be automatically triggered in the benefit provision. The surplus would only be stripped out after the assets had been set aside to meet the benefits with an LPI guarantee.

In a bulk transfer to another scheme, either the actuary to the old scheme must certify that the terms of the transfer ensure that the members and pensioners do not lose out in respect of past service benefits or, employees individually must accept the transfer terms.

*Failing this, the OPB* recommends that employees and pensioners should have the same rights as in a wind-up.

However, these rights would depend on the scheme having sufficient assets to meet the LPI liabilities, though any deficits in the scheme would be a debt on the employer.

These proposals place severe obstacles in the way of a predator, but at the end of the day are likely to delay rather than deter.

However, the board has not dealt directly with the third course, keeping the scheme going and cutting back on benefits, particularly discretionary payments and removing guarantees.

But indirectly, its third major proposal — the establishment of a pensions tribunal — offers a possible solution.

Currently, if an individual has a complaint or grievance against his pension scheme trustees, there is little they can do about it.

The only ultimate recourse is to the courts. This is not only fraught with *difficulties*, it can also bankrupt the individual if the case is lost.

The OPB is recommending a more user-friendly system:

- A central registry of pension schemes to be set up, with schemes paying an annual registration fee.
- An information and conciliatory service to be set up, funded mainly from the registration fees, but with the individual paying a small fee. This body would handle all enquiries, complaints and grievances on pension matters (except *state* pensions).
- A pensions tribunal headed by a lawyer would investigate and adjudicate on pension grievances, after the cases had been screened by the information and concilatory service.

The *Government* has the final word, but you can make your views known to: Department of Social Security, Room 429, Friars House, 157-168 Blackfriars Road, London, SE1 8EU.

* *Protecting Pensions: Safeguarding Benefits in a Changing Environment.* £8.50.

# Home loan offers

CITIBANK SAVINGS is celebrating its 25th year of business in the UK market by establishing a separate Citibank Mortgage subsidiary and setting aside £150m for two special home loan offers.

It is allocating £100m to reduce the standard mortgage rate for new mortgages and remortgages over £50,000 by 0.8 per cent until January 1990 on a first come, first served basis. As a result the rate for new mortgages at present is cut to 12.95 per cent (APR 13.80).

The remaining £50m is being used to offer a fixed rate mortgage for five years at 11.99 per cent, well below most existing fixed rate offers.

A table compiled by Yorkshire Building Society shows the bulk of current fixed rate mortgages are between 12.50 to 12.95 per cent.

However, cheaper offers are now emerging. Lowest so far is 11.95 from Leamington Spa for a three-year fixed rate mortgage. Skipton and Yorkshire societies are offering fixed rate loans at 12.25, but the Yorkshire loan is for one year only since the society believes there will be a downturn in interest rates next year.

Fixed rate mortgages help you sleep at nights, since at least you know your maximum liability and can plan accordingly. But if you believe, as most pundits do, that interest rates have peaked it seems unwise to take on a fixed rate loan now that could prove to be far more expensive than other mortgages in only a few months' time.

**John Edwards**

**John Edwards** on how to buy your house in other currencies

# Mortgages from foreign fields

"UNLIMITED FUNDS" for foreign currency mortgages are now available, the Scottish Provident insurance company announced this week, claiming that there was a "real demand" for the product.

But are they really a good idea? Or are they simply a dangerous gimmick offering short term relief from the present abnormally high UK interest rates at the expense of future danger?

Foreign currency home loans certainly appear attractive at the moment, with large savings in interest payments possible. The rates are variable, according to movements in the London money market, but currently you can take out home loans in Japanese Yen with interest rates between 5.5 to 6.5 per cent; and in Deutsche Marks, Dutch Guilders or Swiss Francs between 6.25 to 7.75 per cent. Quite a saving when compared with present UK mortgage rates of 13.5 to 13.75 per cent. For example, on a Deutsche Mark mortgage for £100,000 at 7.25 per cent you would pay £600 a month less than on the sterling equivalent.

Not surprisingly there has been a surge of interest in the idea in recent months. John Charcol, the London mortgage specialist broker that has promoted foreign currency loans heavily, says that it has contracted some £50m worth of these loans since September and turned thousands of applicants away.

Other leading players in the game are Royal Trust of Canada, which markets its loans through intermediaries and brokers, and the Dutch bank ABN, which is now dealing exclusively through Croxley Financial Services, based in Manchester. Kleinwort Benson, the London merchant bank, is the main provider of the loans sold by John Charcol.

As well as Scottish Provident offering "unlimited funds," John Charcol is planning to add fuel to the fire by introducing an Ecu (European currency unit) home loan. This will have a higher rate, currently around 8.5 per cent, but has the advantage of being more stable against the pound since it is a composite currency made up from a basket of European currencies, including sterling. It means you don't put all your eggs in one currency basket.

Croxley Financial Services, which says it has been arranging foreign currency loans for expatriates and those living abroad with properties in the UK for many years, is already offering an Ecu alternative. It is also offering the most competitive rate on foreign currency loans, with ABN charging only 1 per cent over the three months' Libor (London Interbank Offered Rate) while the others are charging 2 per cent and Scottish Provident 2.5 per cent.

However, although the rates may vary the lenders all agree that foreign currency loans are only suitable for the wealthier, and more sophisticated, individuals who understand the extra risks involved.

Ian Darby of John Charcol stresses that "foreign currency loans are only for the cognoscente who fully appreciate the risks involved."

Basically, a UK resident, whose main income or assets are in sterling, incurs two additional risks when taking out a foreign currency mortgage. If the value of sterling falls in relation to the foreign currency in which the loan is held, then the amount of sterling needed to repay the capital loan and service the interest payments rises accordingly, possibly very steeply.

There are various arrangements to switch back, either voluntarily or compulsorily, into sterling should the value of sterling plummet. But movements in the currency markets can be very swift and dramatic; switching takes time; and as relatively small players you tend to receive a poor deal when dealing in currencies with a wide "spread" — the difference between the buying and selling prices.

Additional fees and charges can add up to a hefty sum. For example when you "convert" your sterling mortgage into a *foreign currency loan you bear* all the costs of remortgaging including valuation fees and solicitors' costs. There are all kinds of restrictions on the size of foreign currency home loans, normally limited to a minimum of £100,000 and not *more than 60 per cent of the* value of the property, and several companies insist on them being backed by endowment or pension policies. You also face the prospect of your mortgage rate changing every three months, in line with the movements in *Libor* and an automatic switch back into sterling if your loan rises to over 70 per cent of the value of your property.

Many people, faced with soaring bills, evidently think that the short term benefits are *worthwhile in cash-flow terms* and have taken the gamble. There are ways to alleviate the risks, but they all cost extra money that eats into the interest savings and do not necessarily provide adequate protection.

*John Charcol, for example,* suggests that one way is to take out a foreign currency option, which is cheaper than the traditional method of "hedging" in the futures or forward markets.

You can take other forms of *insurance, at a cost. But fundamentally* it has to be appreciated that when taking out a foreign currency mortgage you are taking a long term risk, where you must expect peaks and troughs and simply hope they eventually, on average, are in your favour.

In its very clear promotional brochure John Charcol has included a list of estimated average savings since 1980 in five currencies, taking into account interest and exchange rate movements.

Using that data, the Swiss Franc was by far the best bet. It provided positive savings in seven of the eight years, with a bonanza for sterling holders in 1987. Deutsche Mark loans were not so good: losses exceeded gains by four to three until 1987 when sterling again moved up very strongly. There was a similar pattern for Dutch Guilder loans, with losses in six out of eight years, while Japanese Yen loans showed losses in seven out of the eight years. US dollar loans were the *most* volatile over the period, with four losses and four gains, reflecting the violent changes in the sterling/dollar exchange rate.

With the value of sterling riding high against most other currencies, it is difficult to escape the conclusion that perhaps now is not a good time to switch into a foreign currency loan. The higher sterling goes, the greater the risk of a major decline. The rumoured cut in UK interest rates after the Budget could soon set the value of sterling tumbling and reverse the recent benefits received from switching.

**Deutschmark Mortgage**

| Date Loan Taken out | Interest savings to 31.8.88 £ | Change in capital value of loan £ | Net savings or losses £ |
|---|---|---|---|
| 1980 | 48,789 | 124,331 | 24,458 |
| 1981 | 22,722 | 143,216 | (20,496) |
| 1982 | 29,016 | 133,144 | (4,128) |
| 1983 | 26,560 | 129,682 | (3,122) |
| 1984 | 24,499 | 123,701 | 798 |
| 1985 | 21,233 | 116,777 | 4,456 |
| 1986 | 13,081 | 116,462 | (3,381) |
| 1987 | 10,467 | 90,357 | 20,130 |

Source: John Charcol

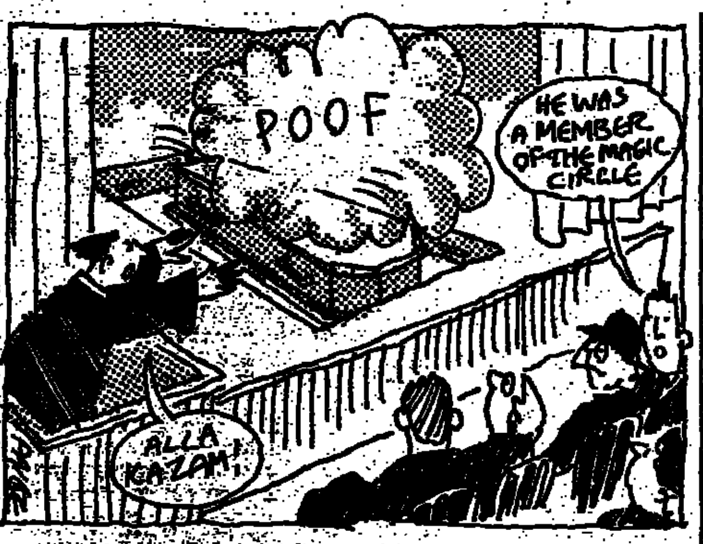
**INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY**

| | Quoted rate % | Compounded return for taxpayers at 25% | Compounded return for taxpayers at 40% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawals (days) |
|---|---|---|---|---|---|---|---|
| **CLEARING BANK*** | | | | | | | |
| Deposit account | 4.50 | 4.60 | 3.68 | monthly | 1 | - | 0-7 |
| High interest cheque | 7.60 | 7.90 | 6.32 | monthly | 1 | 1,000-4,999 | 0 |
| High interest cheque | 8.00 | 8.30 | 6.64 | monthly | 1 | 5,000-9,999 | 0 |
| High interest cheque | 8.40 | 8.70 | 6.96 | monthly | 1 | 10,000-49,999 | 0 |
| High interest cheque | 8.80 | 9.20 | 7.36 | monthly | 1 | 50,000 | 0 |
| **BUILDING SOCIETY†** | | | | | | | |
| Ordinary share | 6.00 | 6.09 | 4.87 | half-yearly | 1 | 1-250,000 | 0 |
| High interest access | 8.00 | 8.00 | 6.40 | yearly | 1 | 500 | 0 |
| High interest access | 8.25 | 8.25 | 6.60 | yearly | 1 | 2,000 | 0 |
| High interest access | 8.75 | 8.75 | 7.00 | yearly | 1 | 5,000 | 0 |
| High interest access | 9.00 | 9.00 | 7.20 | yearly | 1 | 10,000 | 0 |
| 90-day | 9.05 | 9.25 | 7.40 | half yearly | 1 | 500-9,999 | 90 |
| 90-day | 9.50 | 9.73 | 7.78 | half yearly | 1 | 10,000-24,999 | 90 |
| 90-day | 10.00 | 10.25 | 8.20 | half yearly | 1 | 25,000 | 90 |
| **NATIONAL SAVINGS** | | | | | | | |
| Investment account | 10.00 | 7.50 | 6.00 | yearly | 2 | 5-100,000 | 30 |
| Income bonds | 10.75 | 8.47 | 6.78 | monthly | 2 | 2,000-100,000 | 90 |
| Deposit bond | 10.75 | 8.06 | 6.45 | yearly | 2 | 100-100,000 | 90 |
| 34th issue‡ | 7.50 | 7.50 | 7.50 | not applica | 3 | 25-1,000 | 8 |
| Yearly plan | 7.50 | 7.50 | 7.50 | not applica | 3 | 20-200/month | 14 |
| General extension | 5.01 | 5.01 | 5.01 | not applic. | 3 | - | 8 |
| **MONEY MARKET ACCOUNT** | | | | | | | |
| Schroder Wagg | 9.21 | 9.80 | 7.69 | monthly | 1 | 2,500 | 0 |
| Provincial Bank | 9.60 | 10.00 | 8.00 | monthly | 1 | 1,000 | 0 |
| **UK GOVERNMENT STOCKS** | | | | | | | |
| 8pc Treasury 1988-89 | 10.16 | 8.88 | 8.09 | half yearly | 4 | - | 0 |
| 3pc Treasury 1992 | 10.32 | 8.25 | 6.99 | half yearly | 4 | - | 0 |
| 10.25pc Exchequer 1995 | 10.00 | 7.45 | 5.52 | half yearly | 4 | - | 0 |
| 3pc Treasury 1990 | 9.51 | 8.72 | 8.24 | half yearly | 4 | - | 0 |
| 3pc Treasury 1992 | 8.54 | 7.71 | 7.21 | half yearly | 4 | - | 0 |
| Index-linked 2pc1996§§ | 3.60 | 8.08 | 7.77 | half yearly | 2/4 | - | 0 |

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000 §Source: Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

FINANCE & THE FAMILY

# The high cost of dying




O DEATH, where is thy sting? When the undertaker's bill arrives, according to the Office of Fair Trading's report on funerals.

"The public's perception of funerals is that they are expensive. And in fact they are," it says.

The average price of a funeral is £586 (£630 for burials and £568 for cremation), but prices vary from undertaker to undertaker and from one part of the country to another. Very few people shop around for a funeral – only 3 per cent of the sample questioned by the OFT.

The National Association of Funeral Directors' code of practice says that a written estimate of costs should be given before the day of the funeral, but this practice is not always followed.

OFT respondents who felt they had been charged too much gave a variety of reasons. "I thought the coffin was awfully expensive for a cremation. There were a lot of fittings, for example nameplates, handles on it, that I felt a bit excessive," said one. "I can't see why clergy had to be paid that much for a five minute service – plus £100 for opening a grave we already had – that was ridiculous."

There were also complaints about poor or inconsiderate service: confetti in the car, ashes left on the doorstep; extra charges for viewing the deceased outside specified hours.

For people who are concerned that they should have enough money to pay for their funeral, the National Association of Funeral Directors offers two pre-paid funeral plans. From the time of signing the policy, £600 cover is guaranteed.

The limited fund version is guaranteed to increase in line with Retail Price Index, or 10 per cent, whichever is the lowest. Payments can be spread over 20 years and are based on age. Someone of 50-54, for example would pay from £4.95 a month.

With the unlimited plan, if the proceeds exceed the funeral cost, the excess becomes part of the estate. The excess is free of Inheritance Tax and Capital Gains Tax. Contact a member of the National Association of Funeral Directors for details.

Alternatively, Chosen Heritage of East Grinstead, offers two pre-paid funeral plans, guaranteeing a funeral of agreed standards at today's prices. The Traditional package costs £715 for a single payment or £765 if paid in monthly installments, while the Simplicity package is £525, or £570 if you opt for monthly payments.

*For the truly economically* minded, there are other possibilities. One woman wrote in a letter to a You and Yours programme: "Personally, I'd settle for a plastic bag for what is left of me after my 'donated' parts have been removed." The OFT believes she has as much right to have her wishes respected, provided there is no conflict with the law, as someone who wants a solid oak coffin.

**Barbara Dalzell**

# Clearer charges

INVESTORS taking out unit trusts have always been told, somewhere within the promotional literature, the charges being levied by the managers – such as the 5 or 6 per cent initial (front load) charge and 1 or 1.5 per cent annual management fee.

However, the Securities and Investments Board, the supervisory body for unit trust operations, feels that this in itself is not sufficient for the investor to be able make a proper comparison between different trusts and management groups.

Several management groups have now switched to paying various expenses, such as trustees, auditor and registrar fees, out of the fund instead of out of the management charges as previously. So they are, in effect, receiving a higher return at the expense of the fund.

At present, these payments are not disclosed. A manager may appear to be keeping his charges down while others are putting them up simply because he has passed them on to the fund itself, thereby reducing the yield.

However, the SIB is still concerned that investors know exactly how much the managers receive. So it proposes that the groups should, in addition to disclosing management charges, also fully disclose all the fees and costs charged to the fund, except for dealing commissions and stamp duty.

There is no problem with initial charges, which are deducted from the investment money paid by the individual. Annual management charges, however, come from the fund. While for many funds the managers take their charges from the income, in some funds it is taken from the capital. This is particularly so in high income funds, where the managers are keen to keep the income as high as possible and are not too concerned about capital performance.

However, the SIB is perturbed over this lack of standardisation, especially as it thinks that many investors believe the annual charge is taken out of income. So the SIB is seeking views on whether to standardise the method of charging, or to ensure that it is fully disclosed.

It proposes that managers, in their periodic reports to unitholders, should show in a standardised form the investment performance over the period. Apparently, the movement in the unit price, in itself, is not sufficient.

■ *'Collective Investment Schemes: Consultative Paper No. 14'*, available from Securities and Investments Board, 3 Royal Exchange Buildings, London EC3V 3NL, price £5 (free to subscribers).

**Eric Short**

# 'Top-up' for BES fund

WOULD YOU buy a fund called the "Fast Fund"? This is the second FANTOM Second Tranche BES fund, launched this week by Johnson Fry.

It is investing in eight of the 13 companies in which Johnson Fry invested approximately £500,000 from money subscribed to their FANTOM BES Scheme in March 1988. This includes two nursing home companies and three pubs.

Does this mean Johnson Fry is merely topping up investment in companies which have failed to raise enough money for their needs? Johnson Fry's explanation is that, after the first FANTOM scheme closed, it "became obvious that some of the propositions selected would benefit from a higher level of financing than the £500,000 proposed."

One reservation about the fund is expressed by John Spiers of BEST Research. He is unhappy that the three-man investment committee, which will select the companies, consists only of Johnson Fry executives, particularly, as he says, "in the light of their track record in managing schemes."

BES funds have not been popular with investors who prefer to decide where their money goes themselves.

**Heather Farmbrough**

# Retroactive law-making

**In your reply, published in September last year, to a query on the Chancellor's plan to abolish Capital Gains Tax relief on building society share accounts you said: "He plans to include a clause to this effect in the Finance (No. 2) Bill next spring, and to ask *MPs to agree that the* 1988 legislation take retroactive effect from July 4 1987 . . ." You then commented that MPs might well decline to ratify his proposal, on the grounds that it would be retrospective action and therefore without constitutional precedent.**

**I have seen no reference to how this matter was finally resolved and I would be obliged if you will let me know whether July 4 1987 is after all the operative date or (hopefully) some date in the spring of this year.**

■ To our surprise, this questionable constitutional precedent was in fact accepted without question by all the government backbenchers and by all the opposition parties. It now appears firmly established that Chancellors have virtually unlimited discretion to remove tax reliefs retrospectively and that they need not hurry to give legislative effect to their decisions to change the law backwards. Section 113 of the Finance Act 1988 says:

"(1) The provisions . . . which provide for an indexation allowance . . . shall not apply in the case of: (a) shares in a building society within the meaning of the Building Societies Act 1986, or (b) shares in a registered industrial and provident society as defined in Section 486 of the Taxes Act 1988.

(2) This Section shall apply to disposals on or after 4th July 1987."

On the other hand, the Chancellor has introduced a new potential loss relief for long term investors in building societies etc. Since the March 31 1982 value of building society shares etc. will almost always have been above par (because of the accrued-dividend element in the valuation), anyone who takes advantage of the *opportunity to opt out of* "kink testing," which was introduced at the Report stage of the Finance (No. 2) Bill last July, *will realise an allowable loss* equal to the accrued-dividend element in the March 31 1982 value of building society shares etc. *held at the end of* 1981-2 and still held at the beginning of 1988-89. The time limit for opting out of kink testing (by virtue of Section 96 (5-8) of the Finance Act 1988) is April 5 1991, generally speaking.

## Marking a boundary

***A relative is the owner/occupier of a listed house on the corner of a wide main road and a side road. The house gives directly on to each road without footpath and its frontage boundary is rather indeterminate in places.***

**However, a low stone marker/bollard has been in place for many years (certainly more than 20 years) on the corner to mark her boundary there and to protect the house. It is about $2\frac{1}{2}$ feet from the house.**

**She has replaced the bollard with a rolled steel joist over four feet high for more adequate protection of the listed building. Although totally on her land, the county council is claiming that the RSJ obstructs the highway because a vehicle might collide with it. Is this view sustainable in law?**

■ If the steel joist does not at any point impinge on the highway or the air-space above the highway we think that it would not amount to an obstruction of the highway in law.

However a case might conceivably be made out by the council, under Section 152 of the Highways Act 1980, if the joist can be said to be "in front of the building" which is the house you describe.

## Claim for owed fees

**I recently employed a solicitor to claim rent from a tenant who owed me £260, but the best offer he can get from the tenant is £98. The solicitor says that his costs to date are about that figure and he also wants £350 to go to court. I am paying him off and will be going to court myself, as the court fees are only 10 per cent. When I claim, can I claim my solicitor's costs on top of the rent owed?**

■ It is doubtful whether you can claim your solicitor's costs incurred prior to the decision *to sue for the rent. However, it* may be worth making the claim anyway, as you will be no worse off if it is disallowed than if you did not claim it.

## Property poser

**My daughter owns a cottage in Wiltshire but works in London. She is about to buy the rented flat in London in which she lives, with a view to selling it eventually and retiring to her cottage in Wiltshire. For Capital Gains Tax purposes, which property should she nominate as her principal residence and how should she register such nomination?**

■ Presumably your daughter uses the cottage at weekends and does not let it. That being so, she should have given notice to her tax inspector that the cottage should be treated as her main residence for CGT purposes (retrospectively), within two years of buying the cottage or of renting the flat – whichever took place later.

*That being so, our recom*mendation (subject to your solicitor's guidance) is that your daughter should, on or *after the day of the contract for* the purchase of the London flat, give a further notice to her tax inspector under section *101 (5) (a) of the CGT ACT 1979*, varying her assumed original notice so that the London flat is treated as her main residence, with effect from the day of the purchase contract for it.

When she sells the flat, she can (subject to guidance in the light of CGT law at that time) give a further notice, varying the second notice, so that the Wiltshire cottage is treated as her main residence again, with retrospective effect from the day two years before the day of the sale contract for the London flat.

Under present law these notices will have the effect of exempting your daughter from CGT on the flat, while minimising the potential CGT on any ultimate sale of the cottage.

## Relief on HGV fees

**My 21-year old son is now in his third year at university. Last summer he spent the first part of the long vacation training to be a lorry driver, and gaining an HGV licence. This cost him about £900 in fees for the specialist driving school and in fees to take the test. He spent the second part of the vacation working, through various employment agencies, as a temporary lorry driver on *a daily basis. From this work* he earned about £800 - £900 gross, but was taxed at the standard rate as his personal allowance is absorbed by a covenant.**

**Since the only purpose in getting an HGV licence is self-evidently to work as a lorry driver, can he claim a tax refund on the basis of offsetting the tuition and test fees against the subsequent earnings?**

■ No; section 198 of the Income and Corporation Taxes Act 1988 does not allow tax relief for an employee's necessary expenditure to enable him to perform the duties of his employment - except for the expense of keeping and maintaining a horse, if need be.

It is the disallowance of such necessary expenses, of course, which enables chancellors to set the normal rates of income tax lower than they might be otherwise.

## Taken to account

***My wife and I have in our* joint names two bank accounts and three building society accounts. I also own a portfolio of shares, the dividends from which are credited directly to one of the joint bank accounts.**

**Should I predecease my wife, could you tell me how long she would be able to operate the joint accounts. Under my will she would be the sole beneficiary of my estate, though I imagine that some time would elapse before the shares could be transferred to her name.**

■ Your wife would become sole owner of the money in the joint bank accounts if you were to die before she does. In that case she can operate the accounts for as long as she wishes.

Q&A BRIEFCASE

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

MINDING YOUR OWN BUSINESS

# Franchise sector goes for growth

TRADITIONALLY, the British have been cool towards franchising. Although the concept has been in wide use in the drink trade since brewers began to franchise their public houses a century ago, it has made substantial progress in only one other trading area – food and catering.

Undeterred, the British Franchise Association, which has been setting standards for the last 13 years, is limbering up for an upsurge of interest. In particular, it expects more people to invest in job franchises in which they can work with their hands and run their own small businesses for a low capital investment.

Tony Dutfield, BFA director, says: "There is a shortage of franchisers in Britain at the moment. There are plenty of franchisees queuing up to start new businesses under franchise umbrellas."

Meanwhile, the small job franchises are proving popular. They include such work as thatching roofs, lining chimneys, killing weeds, tuning cars and cleaning carpets.

Dutfield is preparing to run a major initiative in training in new and bigger headquarters at the BFA at Henley-on-Thames this year for both franchisees and their staff.

The movement promoting franchising in Britain – there are 200 company members of the BFA – sees the approach of the European open market in 1992 as a spur to the wider acceptance of international franchising patterns here.

In the US, franchising already accounts for more than 30 per cent of all retailing (18 per cent if petrol and car sales are excluded). In Europe, France leads in franchising. The concept accounts for 6 per cent of retailing there. In Britain only 3 per cent of retailing is franchised.

The BFA is now cautiously forecasting a threefold increase in British franchising activity by 1993.

*The British Franchise Association. Franchise Chambers, 75A Bell Street, Henley-on-Thames, Oxfordshire RG9 2BD. Tel 0491-578049.*

**Edited by Roy Hodson**

*THE LAST few years have tested the* mettle of people working in the London securities markets. Big Bang was followed by the stock market crash on Black Monday, and then the "tin-tackings" (sackings of surplus staff in the securities houses). Now the City of London's lights burn brighter as share prices have recovered sharply in the last month.

Many people working in the City have had their lives changed by those years of snakes and ladders. Jeremy Utton and Vicki Meddows-Smith are two who have now chosen to make their livings there by minding their own businesses within the big business environment.

*Jeremy Utton has backed fluctuating* trends in the City by creating a successful business of his own, providing independent investment research.

Vicki Meddows-Smith, a City metals broker who was made redundant last year, has become "street-wise." She has started her own business to look after business moguls visiting London by providing guides, cars, hotel, restaurant and theatre bookings.

# Rich reward for a minnow among the money-men

## Roy Hodson meets an analyst who believes that small is beautiful

JEREMY UTTON, aged 35, claims that he has led his business to a £700,000 annual turnover by correctly reading how some of the companies quoted on the London securities markets would perform during the recent upheavals.

He is managing director and major shareholder of Metropolitan General Investment Company – a rather grand name for what is a small, tightly-knit company which employs only 11 and sells investment research to the City. But being a minnow among whales, and possibly a few sharks as well, has led him to move with agility through disturbed and sometimes muddy waters.

He has built up the business steadily since 1983, when the deregulation deal for the stock market was put together, by backing his belief that, in the new-style City, there would be places for new services.

"Five years ago, when I tried to look ahead at the future for the securities markets," he says, "I based my case on a conclusion. In the the old stock market there had been too few players, who shared sufficient business to find life profitable. In the new stock market I reasoned that there would be too many players with less than sufficient business to make them all wealthy."

He reasoned – rightly as it has turned out – that among the new securities traders there would be a strong concentration on the leading company stocks (Alpha stocks), where big commissions can be earned from heavy levels of trading.

Utton decided that there would be no place for his small research company among the Alpha stocks while the securities houses were running powerful analysts' departments of their own to concentrate upon the same stocks. But, he reasoned, the Beta and Gamma stocks of small companies would in all likelihood be neglected, even overlooked entirely, by the big City battalions, so he adopted a strict policy for Metropolitan General of concentrating research upon this type of company.

The policy has repaid handsomely. Between 65 and 100 clients now take his services. They are mostly stockbrokers and fund managers, together with a few of the big institutions, including the Prudential, Mercury Asset Management and the Kuwait Investment Office. For a basic fee of £4,000 a year they receive continuous "follow-up reports" on a growing list of companies (at present 63) and reports running to between 20 and 30 pages each on a further 20 companies which are added to the list every year. Subscribers can also ring Utton's staff of eight researchers. Some do daily. Finally, he offers his customers a "bespoke" research service on companies of their choice, charged at a flat rate of £70 an hour with a minimum fee of £1,000 for each assignment.

Metropolitan General has its main office in London but, as part of Utton's strategy for covering industry, four of the eight researchers work from offices in Sheffield and Manchester.

Utton took a degree in Business Studies at Ealing Technical College and later worked for BP before learning the analysts' trade with City broking firms. With his industrial background he believes strongly that the proper study of companies necessitates close contact with them; and frequent factory visits.

The employment of analysts in the large new City securities houses has proved an expensive exercise. The Chancellor, Nigel Lawson, may deride the breed as "teenage scribblers," but they can sometimes command salaries of telephone number dimensions.

Utton has different ideas. He is rigid about keeping down the costs base of his small group. Nevertheless, he has not had difficulty in attracting the calibre of experienced writers and researchers he needs.

The staff covers a wide age spectrum, from mid-20s to early 60s. Their combined experience includes stockbrokers' analysts, a stockbroker, a management consultant and industrial managers.

*Metropolitan General Investment Company Ltd. 148-150 Curtain Road, London EC2A 3AR. Tel 01 739-1300.*

Investment researcher Jeremy Utton in his London office — Photo: Ashley Ashwood

Photo: Ashley Ashwood

Vikki Meddows-Smith: looking for gold on the streets of London

# Guiding light

THE SORT of career Vicki Meddows-Smith was enjoying in metals broking until a few months ago was the very template for a successful woman making her way in the international business world.

At 37 years old, she had been working for 13 years in the fierce world of metals trading after reading modern languages at Exeter university. She had cut her eye teeth with Rudolf Wolff, the international traders, with postings in London, continental Europe and the US. By last year she was managing the client desk at the London Metals Exchange for Ametalco, owned by Amax.

At that point she ran into trouble. Amax pulled out of the London market and she found herself out of a job, with three months' money and a five-figure redundancy cheque. And there was no shortage of other casualties at the time among City high-fliers.

She then decided that there was more to life than metals broking and set about planning her own business.

She had always enjoyed exploring the City of London's medieval pattern of streets, so she did a course qualifying her as an official City Guide.

Her new company, Mosaic Corporate Services, has just started trading. Vicki Meddows-Smith says that her intention is "to co-ordinate the services of London" in order to provide visitors (most of them business people) with guided tours, hotel, restaurant, theatre, and car bookings, and corporate services such as secretarial help, advertising and public relations.

Her single most important tangible asset, she says, is her list of worldwide contacts in commodities trading. Most of the names on that list can be expected to spend time in London sooner or later. It is her mission to arrange their visits for them. Her preparation has been thorough. While doing the City Guide course she enrolled for a course at the London Enterprise Agency, Snow Hill, to learn the basics of small business management and how to write a business plan.

Her redundancy money has been sufficient to finance her secretarial and printing needs so far without need of financial backing.

*Mosaic Corporate Services Ltd, Suite 144, 7th Floor, C Wing, Plantation House, Fenchurch St. London EC3M 3AP. Tel. 01 895-0196.*

# New loans deal from NatWest

WITH ABOUT 30 per cent of the domestic market for small business accounts of under £1m a year turnover, NatWest is just leading the field in a race in competition with the other big clearing banks (Barclays, Midland and Lloyds).

NatWest has now moved to strengthen its position by introducing a Business Start-Up Loan package.

If you are thinking about starting in business, or have been in operation for just a few months and expect to turn over under £100,000 in your first year, NatWest is prepared to do the following: lend you up to £15,000; give you a repayments holiday for the first six months of the loan; give you free banking for 12 months; and fix a repayment period for the loan of up to 10 years.

In the first days of the scheme, which started this week, an interest rate of 17.5 per cent has been fixed, a hefty 4.5 per cent over the current base rate. However, when viewed as a fixed interest rate on a 10-year loan it may look more attractive to people planning to get into business for themselves and who are hungry for capital.


The bank is charging an administration fee of 1 per cent if the loan is to be repaid within five years, and 1¼ per cent for longer periods.

For example: one woman has been loaned £10,100 over five years to start a wine bar, the figure including a £100 arrangement fee. Her repayments, including insurance cover, will be £142.49 a month for the first six months, and then £273.39 for 54 months.

MOTORING

# Facelift for Ford favourite

***Stuart Marshall** reports on a thorough revamp of one of the UK's best-selling and best-loved models, the Fiesta*

THE FIRST thing to remember about Ford's new Fiesta is that it is bigger than the 13-year-old best seller it replaces.

However, it is not so much bigger that it will be awkward to park or won't fit your garage. Bumper to bumper it is less than four inches (10 cm) longer. But it has six inches more wheelbase and two inches more track. Its wheelbase is now longer than that of the Ford Escort. Therefore, although I have not yet driven it, I expect it to ride and feel more like a small/medium family car in the Escort class than the supermini it used to be.

It must cost more than the current Fiesta, which starts at £5,199 (the 950 Popular) and goes up to £8,852 for a 1.6 litre XR2. Prices will not be known until shortly before it appears in Ford dealerships in mid-April. Its public debut will be at the Geneva Show in early March.

Ford is known to have bought several Fiat 127s (the original supermini of the 1970s) and stripped them down to the last nut and bolt before producing the first Fiesta. You can bet that every single car of the new Fiesta's size was put under the microscope at Ford.

Its looks suggest that if Ford had a particular car in mind to beat it must have been the Peugeot 205. There is a similarity about the styling, around the rear especially. And it is also being sold in five-door and three-door versions.

The petrol engines — 1 litre, 1.1, 1.4 and 1.6, including one with fuel injection for the new XR2i — are within a few cc of the same cylinder capacity as those in the 205. And Ford's new Fiesta diesel will have a 1.8 engine, which — as near as makes no difference — is the same size as the Peugeot's.

All the new Fiestas will run on lead free fuel, including the XR2i, which will not go on sale until mid-year. At the end of 1989 Ford will unveil a turbo-charged, limited production, go-faster Fiesta.

Ford claims more performance, better fuel economy and reduced exhaust emissions from the new Fiesta than the old model. Ownership costs will, it says, be lower and routine service costs have been cut by 27 per cent. It has, according to Ford, class-leading interior space and 45 per cent more usable luggage room than the original Fiesta. All but the cheapest models have a 60/40 split folding rear seat.

Having, to its great credit, pioneered ABS brakes as standard equipment throughout the Granada range, Ford breaks new ground again on the Fiesta. It will be offering an electro-mechanical anti-lock braking system on the new small car at what it says will be an affordable price.

Although four-speed or five-speed manual gearboxes will be standard, the new Fiesta will be offered with CTX transmission. This stands for Continuously Variable Transaxle and is a simple kind of automatic, using a belt made of steel links running over pulleys which change diameter according to road speed and the load on the engine.

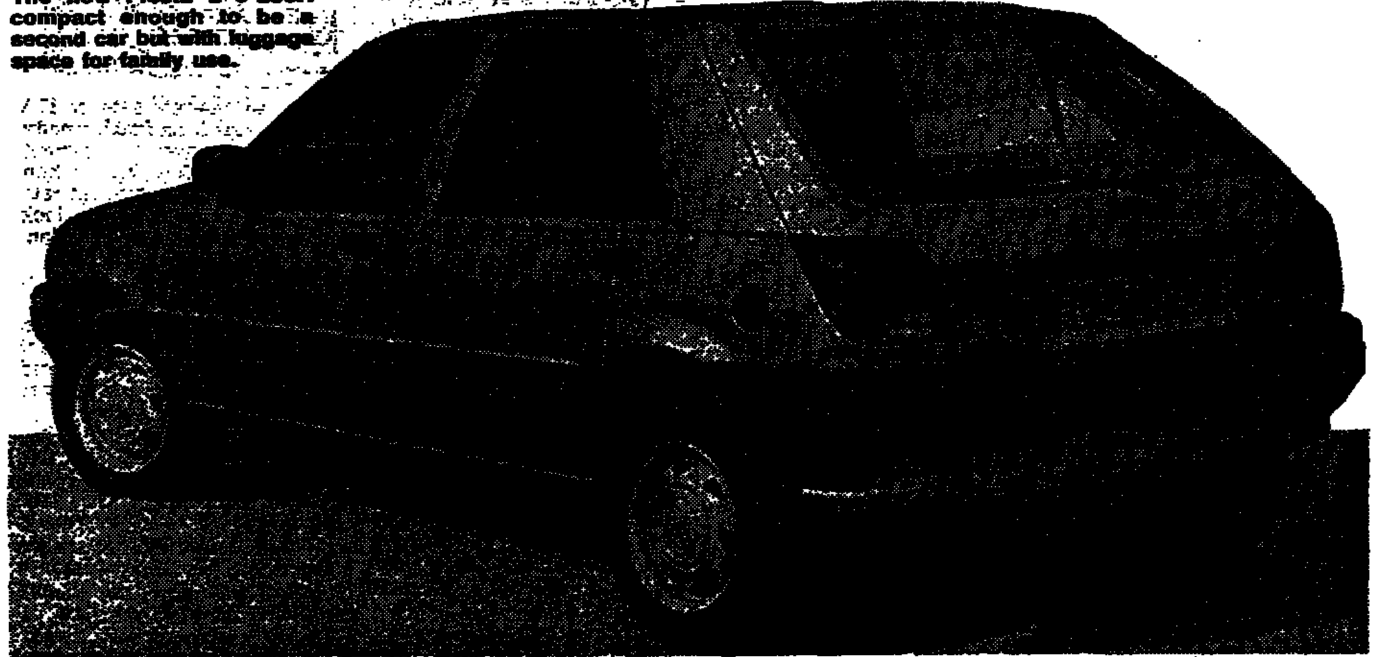
Ford makes the transmission, which bolts straight on to the engine in place of the clutch and gearbox. Fiat buys it from Ford to use on the Uno Selecta, and the larger Fiat Tipo will soon be available with it, too.

CTX is claimed to give manual gearbox economy with automatic transmission convenience and ease of driving. Once you get used to the idea of the engine speeding up as soon as you press the accelerator, and then having to wait for the car's speed to catch up with it, CTX works very well.

Ford has gone to town on equipment. Apart from the possibility of having anti-lock brakes, Fiestas will have, as standard or at extra cost, such things as an electrically heated front screen, central locking and power-operated windows. Stereo sound systems have been developed from those in the Granada and Sierra ranges. The latest high-security disc-type door locks and handles that make sill buttons or separate locking catches unnecessary, should persuade the opportunist thief to look elsewhere.

A paper assessment suggests that most models will be light to handle and park because the steering is fairly low geared — although the XR2i on its medium-high speed, 60 series tyres may be an exception. Power assistance is not listed as a new Fiesta option. Average fuel consumptions should be between 50 mpg-plus for the diesel and the low 30s mpg for a briskly driven XR2i. The tank holds 9.2 gallons (42 litres).

So much for the theory. I shall know how the Fiesta looks in the metal, feels and goes in a few weeks.



**The new Fiesta L 5-door: compact enough to be a second car but with luggage space for family use.**

**The fast one: the XR2i version of the new Fiesta has a fuel injected, 110 horsepower engine.**

# 'Clean fuel' sales drive ahead

*Unleaded petrol is catching on as cars become environment-friendly*

AFTER a slow start, sales of unleaded petrol are really taking off. Shell, which started 1988 with only 70 stations selling it, ended the year with 1,000 and was pumping twice as many gallons of unleaded as its two biggest competitors combined.

Texaco announced a week or two ago that by the end of this year, every one of its 1,400 British sites would sell unleaded. And last week Halfords, the car parts and accessories chain, reported that a Gallup survey it had commissioned showed that drivers were much keener on the idea of unleaded petrol than had been thought.

Of those asked "Do you think unleaded petrol is a good idea?" 88 per cent said yes and 5 per cent said no. Only 5 per cent of those questioned had had their car converted to run on unleaded, but 58 per cent said that they were likely to do so in the next two years.

To encourage progress, Halfords will convert cars that can be made to run on unleaded to take the environmentally friendly fuel without charge if their owners book them in for a Halford premium service at the same time. Otherwise, the conversion will cost £9.99. A similar free conversion as part of a service is offered by the franchised Tune-Up mobile diagnostic/tuning operators.

To judge from readers' letters that tick me off for not saying whether a car I am writing about can be run on unleaded, there is a lack of information on the subject. The answer is that unleaded is suitable for most new cars, although some may need a simple adjustment to their ignition timing. Your local dealer can advise and make the adjustment.

By October next year, all new cars must be suitable for unleaded petrol. Gradually, the number of cars (mainly high performers or those getting long in the tooth) that cannot use anything but leaded fuel will shrink. But at least leaded fuel sold today is much less damaging than it used to be. In January 1986, the amount of lead permitted in British petrol was cut by two-thirds to 0.15 grams per litre. Airborne lead levels are reported to have dropped by 50 per cent as a result.

It makes good sense to use unleaded petrol if you can. It is normally 6p a gallon cheaper than premium leaded and for all practical purposes there is no difference in performance or consumption.

A car that has been adjusted to run on unleaded can still use leaded petrol. However, if your conscience pricks at the thought, you will find green-painted five-litre cans in Halfords branches for carrying an emergency supply of unleaded in the boot. That means if you are running low, you can keep looking for a filling station with a green pump.

On behalf of the growing band of diesel car owners, I cannot resist pointing out the fact that their fuel is cheaper still, never has contained lead and you use about 30 per cent less of it anyway.

# Righting wrongs

DO YOU ever joust with other drivers? Are you more inclined to drink and drive if you are in a bad mood? Once in a motorway lane, do you tend to stay there?

Is breaking the speed limit likely to lead to an accident? And how often do you forget exactly where you have parked your car?

Discovering the real answers to such questions, as distinct from making sweeping generalisations about them, seems such a good idea one wonders why no-one thought of doing it before.

Now the Government's Transport and Road Research Laboratory has embarked on a £200,000 project to find out more about the 90 per cent of accidents that are thought to be the driver's fault.

On TRRL's behalf, 400 questions on decision-making and how it relates to accidents will be asked of 3,000 motorists by researchers from the University of London's Royal Holloway and Bedford New Colleges. A team from Manchester University will investigate the mistakes people make when driving.

The project will take three years. At the end of it, TRRL hopes the results will indicate what measures can be directed specifically at drivers. *S.M*

BOOKS

# Mastermind of modern India

***K. Natwar-Singh** reviews a new biography of Pandit Jawaharlal Nehru*

IF WE leave out the saints and holy men, then Jawaharlal Nehru would be one of the three greatest Indians of all time. The other two, Emperor Asoka and Emperor Akbar (no kin of the author) were not democratically elected leaders, nor had they to address themselves to the issues and problems that face a 20th century head of government. Therefore, Nehru's achievement is, in some ways, even greater.

Jawaharlal Nehru was born on November 14, 1889. He died on May 27, 1964. This is, therefore, a good time to take a fresh look at Nehru's life and work, and examine how it holds up. But before I deal with his book, a word about M.J. Akbar whose *India: The Siege Within* made a name for him. A journalist, he edits *The Telegraph of Calcutta*; he is one of India's leading and most widely read editors. When he started on the Nehru book he was not quite 32 years old and has devoted five years to it. The result is an extraordinarily well written, balanced, admiring but not adulatory book.

Any biographer of Nehru has to contend with Nehru's autobiography (1936 not 1938) which is one of the great books of the 20th century. Next, there is S. Gopal's excellent 3 volume authorised biography. There are many other books on

**NEHRU: THE MAKING OF INDIA**
**by M.J. Akbar**
*Viking, £17.95. 609 pages*

Nehru but, as far as I recall, this is the first by an Indian Muslim. Normally, I would not mention this, but I do so to emphasize that one of Nehru's great contributions to modern India was to leave behind a secular and not Hindu India. M.J. Akbar devotes considerable space to this subject. A secular democratic experiment of this scale has not been tried in the history of human kind. That it works is one of the great political wonders of the 20th century.

Nehru left his imprint on every area of Indian life. He relentlessly stressed the paramount necessity of employing the right means to achieve national and international goals. He made no moral trade-offs. He tried to resolve the dilemma faced by great and good rulers: how to combine liberty with justice, equality with freedom. Nehru had no time for total solutions and, above all, he never discredited the cause of truth and reason.

One of the most fascinating aspects of this book is the sensitive way Akbar deals with the complex and unique relationship between Mahatma Gandhi and Jawaharlal Nehru. It was one of the greatest and most creative political partnerships of all time. M.J. Akbar understands the subterranean subtleties and mysteries of the relationship between a saint and a statesman. Gandhi and Nehru, by their words and deeds, may not have spiritualised politics, but they certainly purified them.

The attainment of Indian freedom through non-violent means would not have been possible without this combination. Many years before his death, Mahatma Gandhi selected Jawaharlal Nehru as his political heir. Nothing shows better the far-sightedness of Ghandi. Jawaharlal Nehru, even when he disagreed with the Mahatma, never wavered in his loyalty and devotion to his master.

M.J. Akbar also successfully demolishes the oft-repeated argument that if Pandit Jawaharlal Nehru had not made the careless remarks at a press conference in July 1946, the cabinet mission's plan would not have been scuttled and India may not have been partitioned. Akbar argues convincingly that Nehru's press statement had no such consequence and that the divide-and-rule policy of the British imperial establishment went back to the early years of the 20th century. It was assiduously and relentlessly pursued. Its logical end had to be the division of India.

M.J. Akbar writes: "In view of all this evidence it is a total mystery how Nehru or the congress leaders can be held responsible for Pakistan. These leaders of the Muslim league spent years preparing the ground of secession, exploiting every situation in order to make an impossible idea possible. They had the support of the Raj: it was a collusion of interests which could not be made public for obvious reasons. Pakistan was, in other words, created by the will of the people who wanted it, not the mistakes of those who did not." It is a courageous assertion.

Akbar tackles other pillars of Nehru's foreign and domestics with similar candour. In lively prose he highlights Nehru's successes and failures, his commitment to making India a modern nation, his deeply-felt belief in parliamentary democracy. Nothing prevented Nehru from becoming a dictator and converting India into a one-party state. That he did not do so is a measure of his greatness. In the depths of his turbulence there is serenity, because his turbulence springs from his humanity.

The partition of India was a great tragedy for Gandhi, Nehru and for the congress party. The All-India Congress Committee's resolution of the 14th June 1947, accepting the partition of India was not unanimous. The resolution was carried by 157 votes in favour, 29 against and 13 abstentions. The partition process was to some extent made bearable by the services rendered to India by Lord Mountbatten. Akbar writes "What the Mountbattens achieved in this period — he in an executive role and she as a tireless organiser of civil and medical services — is enough to earn them a unique place on India's roll of honour." This is high tribute, but fully deserved.

The life of Nehru and the making of India cannot be separated as is abundantly clear from this book. I commend it to all those who wish to learn something about the running of a vast, diverse, ancient yet new nation, about how Nehru's triple vision of a democratic secular, non-aligned India has triumphed against heavy odds.

Pandit Nehru: statesman to Gandhi's saint

# George IV travels north

***Robert Blake** reviews a book on the King's journey to Scotland*

IN AUGUST 1822 George IV made a state visit to Scotland, the first monarch to do so since Charles I's ill-fated foray in 1633, unless one counts the scarcely happier episode of his son's coronation at Scone in 1650. George had already the previous year descended on Ireland. So it seemed fair to give Scotland her turn.

That, however, was not the main reason. What the King wanted to do in 1822 was to attend the next Congress of Nations in Vienna, and figure along with the Emperors of Austria and Russia as one of the arbiters of Europe, postponing Scotland until 1823.

Understandably the Prime Minister and Foreign Secretary, Lords Liverpool and Castlereagh, strongly objected to what was called "the King's Journey" by that celebrated intriguer, Princess Lieven, Metternich's spy at court.

The two emperors personally controlled their respective foreign policies. In Britain the matter was constitutionally one for ministers. They had no desire to have a spanner thrown in the works by a King whose natural indiscretion was enhanced by addiction to alcohol and laudanum.

If only Edinburgh could be substituted for Vienna time would be gained and who knew when the next congress would take place, if indeed there was to be a "next" at all. They manoeuvred the King into Scotland. "The King's Jaunt", as Sir Walter Scott termed it, replaced "The King's Journey."

The process was facilitated by a deadly feud between Lady Castlereagh and the king's mistress, Lady Conyngham, both of whom would have been bound to accompany their partners to Vienna. In Scotland the minister would be the Home Secretary, Robert Peel. Lady Conyngham in a fury said that her health required a seaside visit to Sussex. Done out of Vienna, she was not going to visit Edinburgh.

Sir Walter Scott was the key figure in this curious saga, described vividly, amusingly and verbosely — the book should have been half its length — by John Prebble, an adoptive honorary Scot who is an Englishman brought up in Canada. Sir Walter became Master of Ceremonies and Producer of the Pageant. He had dined at Carlton House in 1815 and had persuaded the then Prince Regent that he was not only a Stuart prince but also a Highland Jacobite. The prince's Scottish ancestry was somewhat diluted. His "blood" was only one in 128 Scottish but this did not diminish his enthusiasm.

There were no precedents for the correct conduct of such a visit, and Scott would have no truck about analogies with Ireland. That island was merely a "lordship", he told *an officious member of the* Lord Chamberlain's office. He wished to hear no more of Ireland, nor, for that matter, of England. "When His Majesty comes amongst us, he comes to his ancient kingdom of Scotland and must be received according to ancient usages." The minor difficulty that there were no ancient usages was easily solved. Sir Walter simply made them up, and his authority was so great that no-one, or hardly anyone, dared dispute it.

He revived the Company of Archers, a body which had come into existence long after the last king of Scotland had left Edinburgh. He converted it from a torpid gentlemen's club into a royal bodyguard and invested it with a uniform. And so it went on. At the grand ball in the Assembly Rooms, Scott decreed that all the men not entitled to military or naval uniform must wear the ancient highland costume.

From this decision, according to the author, dates the establishment of the Kilt as the national dress for all Scotsmen, highland or lowland. Nor were the ladies spared from Sir Walter's regimentation. They had to wear on their headdresses not less than nine feathers. His authority for this absurdity is not known. Such English ladies as were present giggled discreetly behind their fans.

The Scots hoped the King would reside in Holyrood House, but the palace had become a cold, draughty and decayed collection of apartments inhabited by sinecurists and holders of archaic offices. Royalty had not lived there for 200 years. The state rooms were refurbished but the King prudently preferred to sleep a few miles away at Dalkeith, one of the numerous seats of the young Duke of Buccleuch and offered by his guardian, Lord Montagu.

One tragic event marred the visit. On August 13 while the King was still at sea, the Foreign Secretary committed suicide. Peel conveyed the news of this, the most sensational political death since the assassination of the

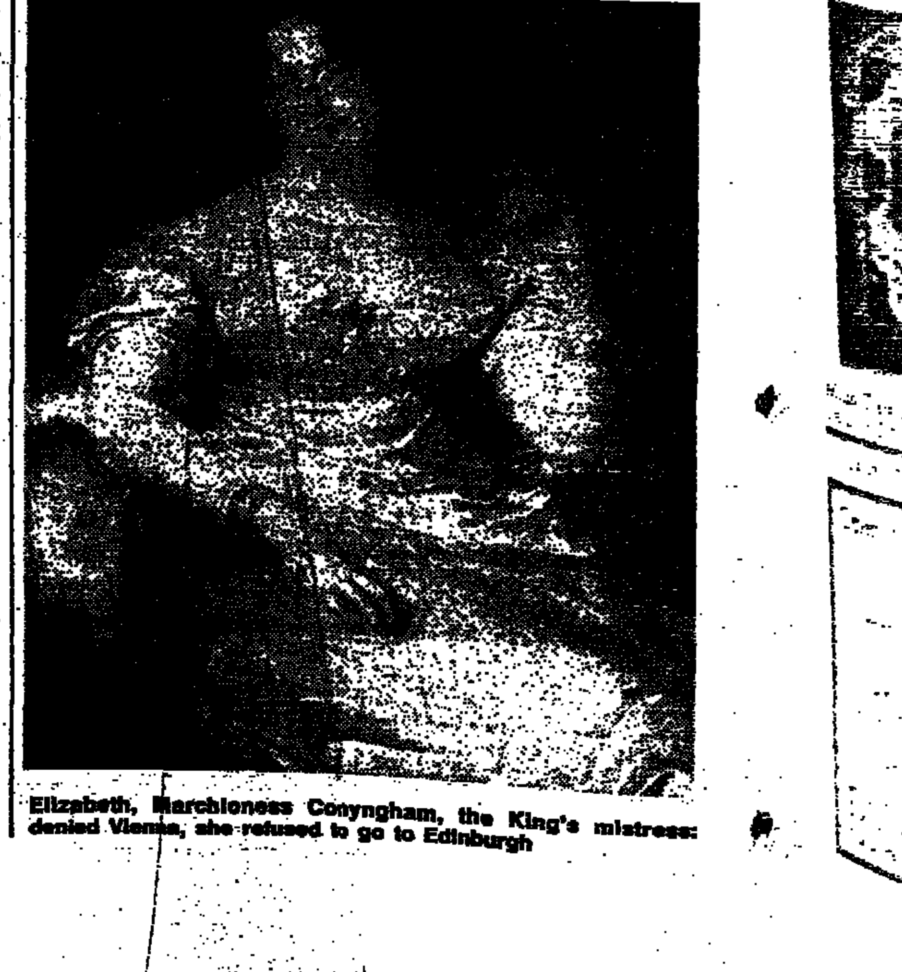
**THE KING'S JAUNT: GEORGE IV IN SCOTLAND IN 1822**
**by John Prebble**
*Collins £15.00, 399 pages*

Prime Minister, Spencer Perceval in 1812, to the King before he disembarked from the royal yacht. Whatever the relations between Lady Conyngham and Lady Castlereagh this must have been a grievous shock, and the author, in general far from sympathetic to the monarch, relents for a page or so.

In fact the King comes quite well out of his sojourn in Scotland. It is easy to present him as a figure of fun and the cartoonists through whose eyes we tend to see him had a splendid target. He was immoral, gross, red-faced, extravagant and self-indulgent. But he was also intelligent, gracious, courteous and considerate. He was not the egotistical buffoon so often depicted. He took his Scottish visit seriously. His presence was much appreciated by both the masses and the classes. The visit was by any plausible reckoning a great success.

Mr Prebble has taken up Scotland, and rather like those Catholic converts who are more papal than the Pope, he slightly overdoes it. In his books on Glencoe, Culloden and the Clearances he displayed a *saeva indignatio* which is understandable though I doubt whether it is ever much of a help in writing history. It is certainly out of place in this book. There is something rather ridiculous in prefacing every chapter with a quotation about evictions or other Highland hardships which are quite irrelevant to the main theme. Surely it is somewhat extravagant to write: "Walter Scott's Celtification continued to seduce his countrymen and thereby prepared them for political and industrial exploitation."

A lot of Scots did very well out of exploitation. The book is colourful, picturesque and entertaining but in places silly, in fact just like the Jaunt itself.



Elizabeth, Marchioness Conyngham, the King's mistress: denied Vienna, she refused to go to Edinburgh

Fiction

# Stylish talent to terrorise

**FIGHTING BACK**
**by John Bowen**
*Hamish Hamilton, £11.95. 224 pages*

**A LITTLE STRANGER**
**by Candia McWilliam**
*Bloomsbury, £12.95. 135 pages*

**MEN AT WORK**
**by Michael Levey**
*Hamish Hamilton, £11.95. 270 pages*

**TRAVELLER**
**by Richard Adams**
*Hutchinson, £12.95. 277 pages*

MURDER AND terror in the most ordinary, non-criminal lives: that's what John Bowen's novels deal with. Not thrillers but novels of character, they have total accuracy of detail and feeling, which induces total belief. The writing is both simple and subtle, exactly expressing the combined simplicity and subtlety of the action.

*Fighting Back* is about a lonely, retired academic, James, who decides to take up the slack of his days by teaching illiterate adults. A handicapped youth of Czech descent, Pavel, unemployed but intensely busy, becomes his pupil. Soon James is just as busy, helping to save the local badgers from mutilation and hideous death in fights set up for the fun of it. Rural violence on the one hand, espionage on the other — for, lecturing in Prague, James is approached by an uncle of Pavel, who then follows him to England seeking asylum. Soon, with danger crowding round him, James, like the badgers, sees his enemies closing in for the kill.

It seems enviably seamless; at once warm and stylish, with people who are never quite central or typical, and surprise one as they do in life. And memorable, too, both socially and imaginatively, giving us a wholly believable view of today's England, and people in it who transcend nationality.

*A Little Stranger* seems more ambitious. Its stylishness is unabashed. At once clever and irritating, its writing has a high, horse-chestnut gloss, and keeps one alert. But psychologically, and, as it were, psychically, it doesn't quite work. Realistically, it isn't quite credible; gothically, it doesn't alarm. Well, not enough.

Heroine and anti-heroine share a name. Immensely rich Daisy (ex-beauty) employs thick-ankled Margaret as nanny to her small son. Guiltily aware of her own privileges, Daisy is compliant and polite and doesn't follow her instinct, thus admitting a disruptive fantasist into the family to fantasise about the husband and disrupt the plush routines of servants and of Daisy herself. While anorexic Margaret starves herself to slimness, pregnant Daisy eats herself into monstrosity. Steel knitting-needles and a car-crash end it all rather abruptly, leaving us to imagine, as surely Daisy must, the story Margaret might have made of it, had she been the narrator. Plenty of talent, spread rather thinly.

Richard Adams

*Men at Work* is stylish, too, but technically a terrible muddle. Who's who? For the book's first quarter I found it hard to know. Sidney lives in a London basement, but shunts back and forth in time so dizzily one has little idea of years or ages. A low-grade civil servant, he has an unlikely affair with his high-powered boss, a woman of beauty but no tenderness; then settles for plain Joyce in Personnel, whom he finally jilts.

The emotional centre of his life, though, is a dazzling young workman, Alf, with extraordinary electric eyes, and, when Alf dies, his daughter, Tracy. But Tracy marries, as girls do, and Sidney is left with her mother, Alf's widow, Eileen. Rather obtrusively, the fates cackle with glee.

Worlds of failure, loneliness, emotional and cultural low power: there is no reason why they should not make for fictional riches, but in this case they seem not deeply or sympathetically understood. Sidney's degree of dimness is just not credible; or at least not imaginatively conveyed. So he remains just a dull man and the book, despite moments of sudden vividness, charm and humour, is not dull exactly, but not enlivening, either.

Once you get over the fact that the whole story, except for some rare linking paragraphs of plain English, is told in the accent of the American South, *Traveller* is vivid and entertaining, the Civil War told from the point of view of General Robert E. Lee's horse.

*Watership Down* showed what Richard Adams could do with anthropomorphic animals, but *Traveller* is less humanised than those varied, sophisticated rabbits and the mixture of human knowledge and equine ignorance is disconcerting. Best are the physical impressions — of smells and mud and rain, of firing and wounds and open-air cooking and exhaustion as the Confederate soldiers suffer and die, "their original fervour of enlistment leaking away through sodden, rotting boots."

***Isabel Quigly***

# A wild and original woman

**THE WELL-KNOWN TROUBLE-MAKER, A LIFE**
**by Fidelis Morgan with Charlotte Charke**
*Faber & Faber £19.95, 232 pages*

CHARLOTTE CHARKE'S father was Colley Cibber, the famous 18th century actor, manager and poet laureate — which should have been a help in her career as an actress, except that they quarrelled early on and were never reconciled.

Charlotte's autobiography, or "narrative," which makes up her part of this book, is filled with such perversities. She married two disastrous husbands, the first a profligate actor who eventually disappeared to America where he soon died, the second so unspeakably dreadful that she refuses to name him. Her sensitivity is corrected by Fidelis Morgan who plays the "straight" man (or woman) to Charlotte's wild fantasies, proving them more often than not to be the literal truth.

The strength of this kind of unsynthesised, two-tier biography in which the subject speaks for herself in one chapter and the editor adds commentary and information in the next, is the undiluted immediacy of the protagonist's voice.

Debtors' prison was one of the many threats to an unprotected woman in an unstable profession. A life sentence was lawful for even a small sum owing, so Charlotte's terror as she finds herself cast into a cell with murderers and felons "whose chains were rattling all night long" is hardly exaggerated. This scene takes place during the nine years she spent on the road, acting where possible but sometimes setting herself up (always with absurd results) in some kind of business.

Essentially a story of dreadful woes, Charlotte's life opens with a picture of the spoilt youngest daughter of one of England's richest and best known acting family. At the age of four Charlotte showed her life-long love of impersonating men by standing out by a public road in full-bottomed wig, three-cornered hat and flowing coat.

Marrying at 17, she was pregnant at her first performance and enjoyed a few years of professional recognition. Sadly, she took to the stage not long before Sir Robert Walpole, the Prime Minister, decided, after seeing his Excise bill turned into stage comedy (Walpole jumped up and corrected the comedian personally) that the theatre needed controlling. His Act of Licence in 1737 meant only theatres with "patents" could operate and many actors, managers and writers were put out of work. Henry Fielding, who was employing Charlotte at the time, retired to writing novels.

Charlotte, who never lacked spirited ideas, turned to puppets. She opened in the James Street Tennis Court with actors playing the roles as usual, except their faces were made of papier-mâché — an early form of *Spitting Image*, which evaded the censorship for a while.

Serving in a public house, she vividly describes her return home via that dangerous haunt of gentlemen of the pad, Long Acre. "But heaven everlastingly be praised, I never had any encounter with them and used to jog along with the air of a raw, unthinking, penniless apprentice, which I suppose rendered me not worthy of their observation."

Fidelis Morgan is very concerned to prove Charlotte's male impersonations — she inspired an offer of marriage on one occasion — were not due to lesbian inclinations. Ms. Morgan points out that, partly due to the lack of women's roles, actresses often took male roles. Attitudes to acting in the 18th century were far more open and imaginative than in modern theatre. In 1730 (the same year Charlotte made her début) *The Metamorphosis of the Beggars' Opera* was staged with all the women's roles played by men and vice versa.

Since actors provided their own costumes, Charlotte always had her wig and coat handy and it is a proof of real desolation when she pawns her hat for half a crown.

Charlotte managed to quarrel with almost everyone, including her daughter who also became an actress. She spent her last years with a shadowy companion called Mrs. Brown and her last writing is a letter to the Duke of Devonshire begging for a performing licence. Her obituary described her as "a gentlewoman remarkable for her adventures and misfortunes." An epilogue written by Fidelis Morgan is mostly concerned with answering her detractors over the last two hundred years — not as exciting a theme as the rest of the book.

However, those who plan history GCSE examination papers might consider Charlotte Charke as a possible set book, particularly since Fidelis Morgan's hard work has neatly produced sources and explanation. To land on a schoolroom desk would be an appropriately ironic sort of stardom for a wild and original woman.

***Rachel Billington***

COLLECTING

# Time for new thoughts on Old Masters

***Antony Thorncroft** calls for a rethink of the rules governing exports of works of art*

EVERY FEW weeks half a dozen of the great and the good gather to ponder our national heritage. This reviewing committee has to decide whether works of art bought in the UK for export abroad should be allowed to leave the country or whether an attempt should be made to retain them here.

In some countries, notably Italy, hardly anything is allowed out (with the result that there is a thriving smuggling trade over the Alps to Switzerland); in others, such as France, the national museums have the right to block an export (with the result that the local art market, both auction houses and dealers, has lost its international pre-eminence).

The UK operates a system of loose controls. In fact for middle quality goods — a George II commode; a Regency silver service; a pre-Raphaelite watercolour — the chances of the unscrupulous trader being discovered selling an antique overseas illegally are fairly slim. But, given that the UK has a finer hoard of artistic treasures than any other nation in the world, with the possible exception of the US, few masterpieces are lost — and London remains, with New York, the centre of the international art market.

The system operates according to the Waverley Rules, first laid down in 1952, under which the review committee can refuse an export licence if a work of art is closely connected with British history and national life; or is of outstanding aesthetic importance; or is vital for the study of some particular branch of art, learning and history. The Rules only come into force if an object is valued over certain limits — £30,000 for paintings; £20,000 for most other antiques, but £5,000 for arms and armour, portraits of British personalities, and such textiles as samplers and clothing; down to a zero limit for manuscripts, architectural drawings and the like. Anything caught by the regulations goes to a museum expert who decides whether it is really important enough to be considered by the committee.

In 1987-88, 6,550 applications were made for export licences for works of art with a total value of £968m. However, the licensing body, the Department of Trade and Industry, gave an automatic go-ahead on all but 879 of these objects because they had been imported into the UK within the last 50 years and were thus outside the Rules. The museum experts, the second line of defence, gave the nod to all but 42 works, and eventually the committee sat in judgement on 32 of them. After deliberation 24 were considered to fall within the Waverley Rules and an export licence was deferred while British museums and galleries were given up to six months to raise a matching sum.

On 12 occasions the campaigns were a success. Treasures such as a pair of shoes made in 1620, a Roman marble bust of the Empress Livia, and a George II centrepiece, by Willaume the Younger and Anne Tanqueray, were kept for the country. On 12 occasions rescue operations failed. Objects such as a view of Dymchurch by Paul Nash, the Richmond Race Cup of 1764, and an oak and holly chair made in 1845 by Morant, left the country.

Turner's "Seascape: Folkestone," sold for £7,370,000 five years ago — now thought to be worth at least £20m

But something very odd happened in 1987-88. In the last six months of the year only seven works of art came up before the committee. This same quiet patch has continued up to the end of 1988. Various explanations have been forthcoming: from the optimistic — that the British are now so much richer that they can beat off the foreign competition for their art; the prosaic — that the strong pound has deterred overseas bidders; the encouraging — that recent Budget changes have removed the necessity for the rich to sell off art to pay capital taxes; and the cynical — that museum experts, well aware that their own purchasing grants have been frozen for five years, can no longer be bothered to recommend an export block because it just delays the inevitable loss.

Probably all four factors are at work, plus a fifth: an apparent slowness in applying for a licence. Last week it became known that the owner of "Seascape: Folkestone," one of Turner's greatest paintings, had applied for a licence. The review committee has put on a six-month stop while British institutions face the ludicrous task of raising the £20m price put on the painting. But Folkestone had been acquired almost five years ago, (for £7.3m at Sotheby's), and the expected request for a licence then was not forthcoming.

It is the same with the other major appeal under way at the moment, to keep Benjamin West's fine portrait of the botanist Joseph Banks, which is being waged by the tiny art gallery in Lincoln, Banks' home county. This was sold at Sotheby's two years ago for £1.8m, but only now has reached the committee. There could be many more masterpieces waiting for the right moment to seek an exit.

For the powers of the review committee have been weakened recently. Traditionally, there was no compulsion on the owner of a work of art seeking a licence to accept that it should first be offered to a British museum and gallery, but it was generally accepted that if he refused to do so he would have to wait another 10 years before he could ask again for an export licence. This restriction was ruled unlawful by the Trade and Industry Secretary, and a powerful defence weapon for the heritage was lost. Already two objects — a flintlock sporting gun of 1738 and a Greek vase known as the Northampton amphora, acquired by the Stavros Niarchos, the Greek shipping magnate, — have been quick to take advantage of the looser controls.

There are other factors which throw the balance in favour of the exporters rather than the nation. Owners need not publicly state the value of the object. This is the case with the Turner painting, although thankfully the art world grapevine will invariably squeeze out the price. Not being able to officially publicise the sum to be raised makes it much harder for a museum to launch a successful appeal to retain it. The committee can hit back by giving British institutions more time to organise a defence — six months rather than three — but insisting on the price being publicised would be an improving measure.

Then again, treasures have a nasty habit of appreciating greatly in value between the time they were sold, say at auction, and when the export licence is required. A British gallery which might have been the under bidder when a Turner sketch book which sold at Sotheby's in 1986 for £528,000 would have been expected to put up £1,050,000 a year later when the export licence was applied for on behalf of Paul Mellon, the American collector.

The committee has started to question dealers in particular when the price of a work of art has escalated so rapidly and it will ask to see an invoice from the ultimate foreign owner. It is easy to fabricate such a document but since most objects at this level are going to foreign museums or to well-known collectors there is probably little actual fraud. However, "invisible" or perhaps unnecessary restoration can be a convenient excuse for putting the treasure that much further beyond the resources of British galleries. If only the Government would raise purchase grants to somewhere near the current market value of works of art then the museums and galleries would not be competing belatedly with quite so many disadvantages.

Finally, there is disquiet about the choice of the museum experts, who decide on the licences and who tend to be London based. Regional museums and galleries complain that objects are allowed to go which they would dearly love to fight for. To a great extent it is up to the regional galleries to be alive to the objects passing through the salerooms so that they can mount their rescue operations early but it is possible that the London specialists might be myopic over some local treasures.

There is a feeling that the Waverley Rules lean over backwards to defend the rights of the owner at the expense of the general wider good, that it is too gripped by a Civil Service mentality. Perhaps it is time for the committee to be hived off to a more autonomous existence, outside the control of the Office of Arts and Libraries, which must act as judge and jury.

It certainly moves very slowly. One key issues has been what to do about collections which are invaluable intact but which, if sold off piecemeal, rarely fall within the export controls. The loss last year of the incunabula — books printed before 1501 — in the John Rylands Library in Manchester, coming soon after the disappearance to Japan of the Smith collection of tribal art at Newcastle, has failed, to date, to produce a workable solution to the problem from the committee.

Yet, for all the criticism of the system, the fact remains that the UK has lost few great masterpieces in recent years, and that the free inflow and outflow of works of art ensures London's dominance in the market. For example at a major Sotheby's or Christie's Impressionist auction 80 per cent of the works for sale will have come from abroad for dispersal.

But a great number of lesser objects have gone: 18th century furniture; costumes and artifacts; late 19th century works of art that are only now appreciated. It could be that the apparently loose controls only seem effective because they have not been truly tested. It might take the loss of an undoubted national treasure; such as the Mappa Mundi from Hereford Cathedral, to force a reappraisal of the system (although enough negotiations are taking place behind the scenes to ensure its future in the UK).

Then there is 1992. The nations of Europe are showing no eagerness for harmony on the export of works of art but the very spectre of change in this key area offers an excuse for the UK to do nothing about the current system. At the very least the operation of the Waverley Rules needs a stiff appraisal after 40 years of operation: who knows, it might be found to be another of those great British compromises that somehow seems to work.

# Creature comforts of the Outback

***Julia Berney** treads a forbidding and unforgiving path in Australia*

A group of Aboriginals takes part in a traditional dance form, the Corroboree

PARROTS WERE perched above the bordellos of Kalgoorlie – pink galahs on the telegraph wires above three crimson tin shacks. It was late afternoon and the women had not yet emerged to sit in their doorways. Back in Hannan Street – the main street, built wide as a motorway to accommodate the camel trains of early gold prospectors – lengthening shadows under the colonnade meant that it was time to leave Kal, to find another place to camp, to sleep another night on the red dust.

The previous day we had left Perth, driving east across wheat plains, passing through Meckering where 20 years ago an earthquake creased the landscape and demolished the town. By sunset we reached Southern Cross, where grain country meets the goldfields. The sunset glow made the red earth incandescent and we camped beneath salmon gums with peeling trunks as red as cinnabar lacquer and webs like suspension bridges strung between them.

Coolgardie, thriving during the turn-of-the-century gold-rush, is now a virtual ghost town. In the graveyard, grass-hoppers went clacking across the plain slabs beneath which lay the Sisters of Mercy. There were aborigines' graves decorated with shells and shards, and I read of a nurse "cruelly murdered by gunshot." But the pioneer prospectors' graves had only numbers: typhoid or mining accidents claimed most before they had registered their identities.

Kalgoorlie still prospers. One gold mine, the Hainault, is open to visitors. We descended in a five-man cage to tour dim tunnels and see machines like the widow-maker, so-called because it drilled out dust so sharp it cut men's lungs to pieces.

The goldfields road, straight as a ruler pointing to the sky-line, was littered with everlasting flowers, kangaroo corpses, and retreads sloughed by hot lorry wheels. As the country became more arid, so wildlife became more evident. Goannas, sluggish at dawn, were warming into life upon the road. Faced with danger, they pose like prehistoric statues; consequently, many are run over.

The carrion attracted wedge-tailed eagles – magnificent ragged birds with two-metre wingspans – which stood their guard, forcing us to drive around them. One eagle had played the game of dare once too often. I took a tail feather from among the glass fragments and it felt like robbing the war dead.

From Kalgoorlie north the semi-desert changed slowly, from red ground strewn with orange and white boulders to dark ironstone rubble like a slab of hell cooled down. The horizon was broken by trapezium silhouettes, remnants of a former plain. Dry flood-channels sparkled with stones too hot to handle comfortably – chalcedony, blood quartz, yellow ochre and flakes of mica.

At a signpost marked Niagara we followed a dirt road so corrugated that it resembled a perpetual cattle-grid. There was no greenery save the lace of pig melon. Niagara is an abandoned gold town, which is not to say that it is a ruined town. It is not even that. It is nothing, just dust. In Niagara dam a large puddle, skimmed by cobalt dragonflies, still remained in a moonscape of pink rock and bleached bones.

Beyond the gold and nickel mines of Leonora the onrush of night forced us to pitch camp hurriedly, far off the road, on a grim plain of black and red gravel and leathery bushes. Insects, in scale and number the stuff of horror movies, fell into our dinner and rattled like claws across the tent.

Somehow in this vast land the silence is almost audible above the cicadas' shrill pneumatic drill. No doubt many travellers bring home tales of the inexplicable from the alien, hostile Outback. Our mystery in this middle of nowhere centred upon two freshly-dug neat rectangular holes, found nearby in the brief dusk, the exact size of empty graves awaiting occupants. Bright moonlight woke me at four, and sunrise was most welcome over this dismal spot.

The sealed road gave way to dirt road running between salt pans. In mid-morning we were flagged down by some aborigines whose truck had broken down. They had been without water all night. Such an encounter awakens instincts which, in a place and time far removed, you might deny. I was appalled that nobody else had stopped to help, yet when the men surrounded the car on that lonely road my first thought was that we had become victims of a patent set-up.

We gave one of them, Eddie, and "the bub" – his little grandson – a lift to Wiluna, an aboriginal township. Eddie chatted about emu farming, scrounged cigarettes, apologised for swearing – he had forgotten me sprawled across the jerry cans – and then fell asleep. At Ngangganawili general store he offered us free petrol and did not take umbrage at a refusal.

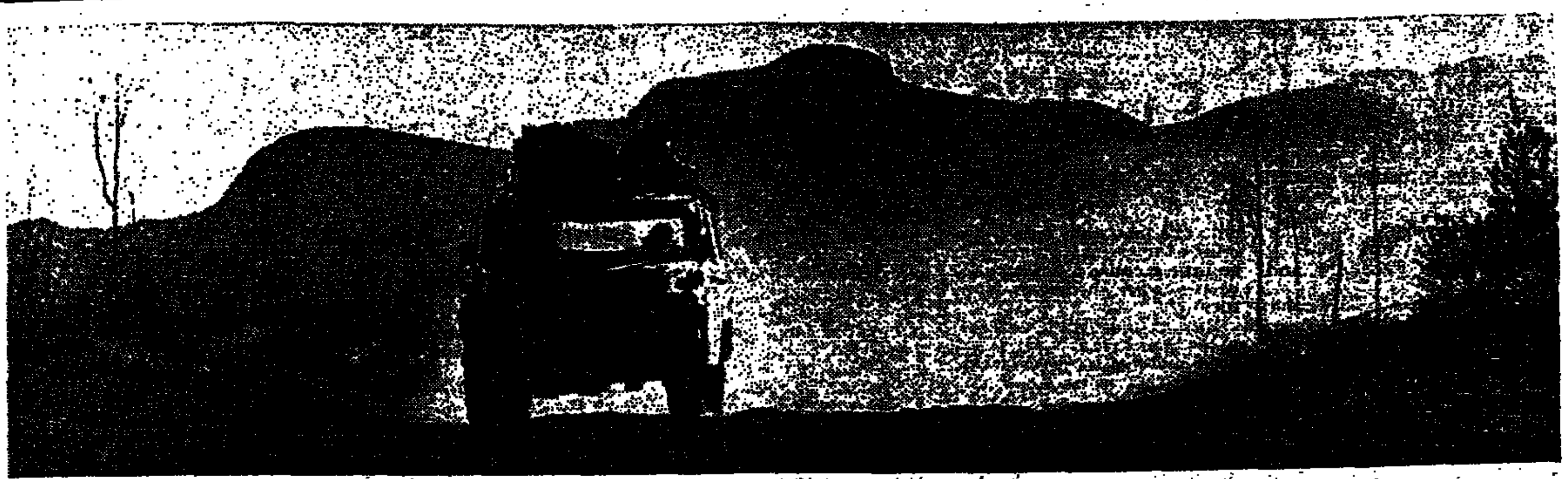
I resisted the temptation to photograph laid-back Eddie and the bub: it seemed a touristy attitude, regarding aborigines as objects of curiosity. Eddie, however, said that if ever we were up that way again he would take us bush and teach us what aborigines eat – which suggested that he regarded us as gullible tourists anyway, since it seems likely Wiluna folk long ago gave up native tucker in favour of convenience food.

One road leaves Wiluna: it goes west to the gold town of Meekatharra and is unsealed. "Commonwealth Bicentenary Road Project" said a notice-board, which seemed a joke as we steered a slalom course between potholes, dead 'roos, and bits jolted off vehicles.

Between Meeka and Mount Magnet we camped on a sort of endless red tennis court, where dawn was loud with green parrots, and the noon sun like an electric fire. Pink funnels – the spiral dust storms called willy-willies – snaked up the sky around Mullewa, from where we took a detour to climb Tallering Peak and watch the smoke of a distant bush fire.

That afternoon we passed back into the wheat belt. Only at Geraldton, beside the Indian Ocean, did it seem worthwhile finally washing away the red dust that is so fine it stains the skin and hair.

In a roadhouse shower I watched the water run red round my feet like a Technicolour version of the murder scene from *Psycho*. I felt that I should appreciate such luxury, but pleasant Geraldton seemed tame compared with the unforgiving land we had left behind, and the stars above the town could not equal those myriads in the clear black sky of the desert.



A car kicks up a cloud of dust on the sandy track near Mount Olga, a huge rock formation in the centre of Australia's Northern Territory

# The eighth wonder of the world

"DON'T WORRY about maps," said a New Zealand tourist official. "Just wind down the window and yell. New Zealanders love meeting people." She was right – we hardly used the maps at all.

First we went to Rotorua, a tourist resort since Victorian times. Today visitors come to see its Maori art and culture and thermal activity, for the town has grown up on a volcanic plateau where hot springs steam away in private gardens, golfers have to watch out for boiling mud, and the smell of sulphur is everywhere.

Rotorua has beautiful redwood forests, and in the gardens of Rainbow Springs you can see clear trout-filled pools and native birds, including the nocturnal flightless kiwi. We saw sheep performing to an informed commentary on stage at the Agrodome – you can't forget sheep in New Zealand, there are about 70m of them – and strolled on the immaculate lawns of Government Gardens with its beamed Tudor Towers, once a public bath house.

Dunedin, in the South Island, sprang to prosperity in the Gold Rush of the 1860s and has kept its links with its mid-19th century Scottish founders firmly intact. A statue of Robert Burns sits in the centre – his nephew Thomas was one of the first to come, and annual Burns nights are still held here.

The town has lively museums, an ornate and much photographed railway station that now sees more tourists than trains (only one a day) and a stately home, Olveston House, that is packed with the possessions of a much-travelled Victorian family.

At Taiaroa Head, on the tip of the Otago Peninsular, there is a colony of royal albatrosses. This is the only place in the world where the world's largest seabird breeds on a mainland within such easy access of people. As we walked up to the observatory, one wheeled powerfully above us, its wings outstretched to a magnificent 11ft span. Later we watched it feed its young chick and then waddle clumsily off down the path, its webbed feet the size of dinner plates. Below seals swam in the blue water.

Driving in New Zealand is pure pleasure. We hired a car and headed west to Queenstown, an attractive resort on the shores of Lake Wakatipu with flower-decorated streets, a good choice of hotels and restaurants, a 76-year-old vintage steamship and, for the intrepid, jet boats ploughing through the rocky canyons of the Shotover River and white water rafting.

What Kipling described as the eighth wonder of the world is only a few hours' coach drive from here: Milford Sound in the heart of the 3m mostly unexplored acres of Fiordland National Park. As we arrived, the clouds drifted away from the mile-high cone of Mitre Peak and not one of the notorious biting sandflies we had been warned about (put there, according to Maori legend, to prevent humans becoming hypnotised by the beauty of the view) was seen.

A small boat took us the 10 miles up the deep winding fiord between sea cliffs thousands of feet high with waterfalls veining the rock face. We saw seals basking in the sun; dolphins have been glimpsed here.

The return journey to Queenstown in a tiny six-seater plane enabled us to see the grey-green mountain top lakes from which great waterfalls dribbled over the edge and hurled themselves down in solid whiteness.

At 12,349 ft, Mt Cook is the highest point in the Southern Alps that stretch almost the length of South Island. The Maories call it the Cloud Piercer and its snow-covered peaks can be seen from miles away, glowing pink in the evening light over the blue water of Lake Pukaki.

■ *Air New Zealand has a return excursion fare at £995, and round-the world fares from £1,470 economy. Its own-brand Hotpac add-ons offer cheap car hire and accommodation. Air New Zealand information: tel: 01-930-3434.*

TRAVEL

Skiing

# Still dreaming of a nightmare

***Arnold Wilson** makes a breathtaking descent of the Vallée Blanche*

IF YOU turn left at the top of the Aiguille du Midi, you are a dead man (or woman). It is as simple as that. You might as well leap off the top of the Matterhorn. This unhappy notion had preoccupied me as we clumped through the tunnel in the rock on our way to ski the Vallée Blanche in the French Alps, a mite too soon in the season for it to be the "skiing picnic" it usually is in February and March.

As we rode up in the cable car – an extraordinary piece of engineering in which 20 mountain guides from Chamonix and Aosta carried the longest unbroken stretch of cable in the world up the mountain – the sheer size of the craggy, splintered area which surrounds Mont Blanc was astounding. "Look," said our guide, Giles Claret-Tournier, "do you see the climber in that couloir?" The lone climber was like a speck of dust.

At the top, Giles handed me a pair of crampons. Crampons? Was this a joke? When he took a rope from his rucksack and tied us together, it was not a frisson but a gale of fear that threatened to engulf me.

Four of us, Giles (high mountain guide), Sean O'Beirne (qualified British instructor), Neil English (qualified British instructor) and myself, blinked in the sunlight as we emerged onto the mountain face. I was relieved to see that there could be little confusion among sane people about whether or not to turn left.

But at least two unfortunates *had* tried it, and had been smashed to pieces during a sheer 3,000 metre fall. What I was not glad to see was the long, steep ridge of snow which we were about to negotiate before we could start our 18 km descent of the gargantuan Mer de Glace. Normally, from February onwards, there are two ropes to help you down, but because this was January, the ropes were not in position.

"Trust your crampons," said a voice. Easier said than done. I had scarcely ever seen a pair, and now I was being asked to trust them with my life. In spite of the fearsome drop to the left and the rocky, steep slope to our right, I would have been less anxious on skis.

Instead, I was carrying them, and edging my way down a very tiresome cliff. Proper climbers picked their way past me as if on a Sunday walk on Hampstead Heath. I was busy wondering whether, if I fell, I would drag the other three with me, or whether they would be able to hold me.

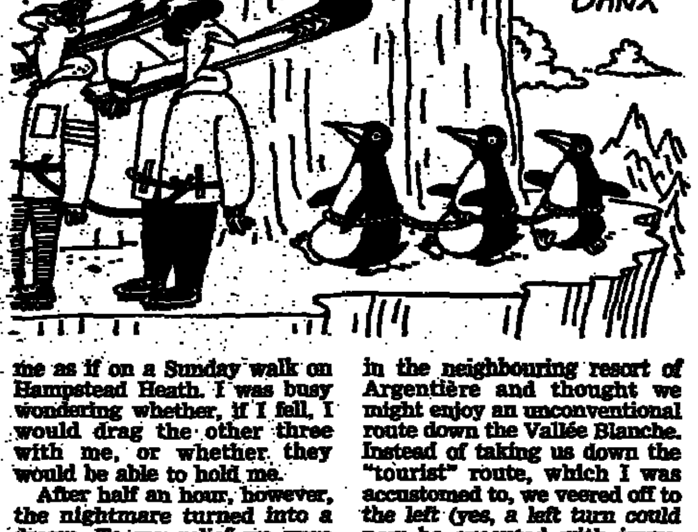
After half an hour, however, the nightmare turned into a dream. To my relief we were down the ridge, unroping and de-cramponing ourselves. I had never been happier to put my skis on. Ahead of us was a fabulous adventure.

Giles had watched us skiing in the neighbouring resort of Argentière and thought we might enjoy an unconventional route down the Vallée Blanche. Instead of taking us down the "tourist" route, which I was accustomed to, we veered off to the left (yes, a left turn could now be executed with impunity) and, to our amazement, found ourselves in superb powder, bearing in mind that some resorts were still struggling for anything white.

Every now and then, Giles would slow down, like a deer sniffing the breeze, and check the snow ahead for the subtle, tell-tale signs of crevasses. Having fallen down one a few years ago, on the Italian side of Mont Blanc, I felt that this was a good idea.

I have never known a descent *improve* because of a lack of snow. Huge slabs of smashed ice the size of houses were exposed. Great *seracs* and ice walls loomed through the snow, which would normally have covered them so deeply that you would have skied over them without knowing that they existed.

On two occasions, Giles roped us together and lowered us, one by one, down tricky ice walls. As we reached the end of our incredible journey across the ice, he cut footholds with his ice axe. It had been the skiing adventure of a lifetime, and almost overshadowed the Inferno Race we were due to take part in on the Schilthorn at Muerren in Switzerland the following day.




On the morning of the race, we spotted a rather frail figure walking alone towards the Schilthornbahn. It was Peter Lunn, Sir Arnold's son, once one of our great racers, entering the Inferno for the last time. "I tried to stop racing in 1987, but they wouldn't let me," he said. "I'm 74 now, and my left leg is shorter than the other because of a bad car crash I had. I used to race on 207cm-long skis, but now I can't. I'm down to 160s today and they're really too short to race on. But they keep insisting that I take part."

It was a great privilege to ski in the Inferno – albeit a shortened version because of a lack of snow between the dreaded Kanonenrohr and the normal finishing point way down in Lauterbrunnen. I was overtaken at one stage by a lanky lass wearing skintight floral racing pants, her long hair flowing in her slipstream. I was quite relieved to find, when I crossed the finishing line, that the "lass" was a fellow. Somehow, it seemed less of a disgrace.

■ My visit to Chamonix was arranged through Collineige (tel. 0276-691996) which has some delightful chalets in Chamonix, Argentière, Villars and Megève. My visit to Muerren was organised by the Swiss Travel Service, tel. 0920-3971, and Dan Air, tel. 01-680-1011.

# The challenge of 'chalet valley'

***Roland Adburgham** visits Verbier in the Swiss Alps*

ON THE EDGE of the Swiss alpine resort of Verbier, a tall weathered cross overlooks the valley floor a dizzy distance below. Its inscription says: *"Seigneur protégez nous."*

The protection besought may be less from the fates than from the developers. The cross is one of the few rural relics of the old way of life before Verbier became a sprawl of some 2,500 chalets and hotels. The most rustic noises nowadays are likely to be the echoing sounds of a carpenter's hammer knocking nails into the balcony of yet another chalet.

In consequence, Verbier's reputation has more than one kind of reverberation. Attitudes towards it are, to put it mildly, mixed. It has been described as "one of the world's best and most demanding ski areas"; others sneer at it as "chalet valley." It calls itself *"le must de vacances,"* but it has been labelled "Sloane Ranger capital of the Alps."

The town itself shows why the hip hoorays adopted it: souvenirs are less likely to be cuckoo clocks than Gucci watches, a High Society skisuit can be snapped up for SFr 1,200 (£435), and the charcuterie sells foie gras du Perigord and vintage Krug. The rumbustious nightlife ranges from darts and Guinness at the Nelson pub to mingling with the Geneva set at the Farm nightclub, which keeps out the riff-raff, at least the impoverished variety, by charging nearly £4 for a beer and over £70 for a bottle of Champagne.

All this tends to ignore the *raison d'être* of Verbier: the skiing, unarguably among the most challenging in Europe. There are 210km of marked pistes spread across four valleys, with skiing from the summit of Mont Fort at 3,330m down to Verbier itself at 1,500m. From Mont Fort, there is an awesome panorama which embraces Mont Blanc and the Matterhorn.

If that does not take one's breath away, that will be achieved by the descent down the glacier from Mont Fort. There is a Hobson's choice: a plummeting, bumpy expert black run or, beside it, a red run, which one suspects is only downgraded to red to kid you that it is a softer option. From far below, the two parallel runs appear to be the nearly vertical side of a giant cheesegrater.

The long black runs of Tortin (including an 800m vertical drop) and of Mont Gélé confirm Verbier's notoriety as one of the most demanding resorts for advanced skiers. One ski brochure describes these runs as "seriously frightening."

Another common criticism is of the queues to reach the runs. The lift system has hardly kept pace with the growth of the resort. There are only two gondolas and a chairlift out of Verbier to climb to the main skiing area. The intermediate area of Savoleyres has its own lifts, but these do not start from the resort centre.

New lifts are claimed to be improving matters, but nearly half of the impressive total of more than 80 lifts are still slow and uncomfortable drags. Although a "jumbo" 150-passenger *téléphérique* was installed last season, this is of limited value as it starts high on the mountain and finishes below the Mont Fort summit.

The piste marking, too, leaves much to be desired. Since most of the skiing is above the treeline, even in good visibility newcomers without a guide can easily lose their bearings. Given that the lift pass is one of the most expensive in Europe, costing nearly £100 for six days, skiers might expect more.

That said, I went skiing at Verbier just before Christmas and it was almost like having a perfect, private mountain. There was hardly another skier in sight, the snow was pristine and the restaurants slopes uncrowded. In these perhaps freaky conditions, Verbier deserves the upside of its reputation, but even on the downside the regulars claim that there are ways around the slopes to avoid the worst of the queues – and that the quality of the skiing is compensation.

For the regulars, the chalet culture is part of the attraction, avoiding the package tourist hotels or soulless apartments of other resorts. Although some of the big operators such as Thomson and Bladon Lines themselves send clients to Verbier chalets, this type of holiday, where people do not want to be herded together with strangers, lends itself to the smaller companies.

To sample what these have to offer, I stayed with Vacances Elite, a relative newcomer which seeks to appeal to professional people. The company, set up three years ago by Matthew Burnford, an ex-army officer who then worked for an established ski company, aims to reduce the hassle associated with large travel companies; for example, it uses Swissair scheduled flights from Heathrow on weekdays to avoid the Gatwick weekend horrors. At the resort, it has its own minibuses to ferry clients.

Vacances Elite has five chalets near the centre of Verbier, the largest sleeping up to 12 people, and three more in Villars, a smaller Valais resort with less demanding skiing but more charm. A virtue of the chalet is that it creates a cocoon of comfort. Should clouds be blanketing the mountains, the snow be rotten or exhaustion strike, there is always the fallback position – of slumping beside a log fire and joining that famous fraternity, the armchair skier.

■ *Verbier is 150 km or about two hours' drive from Geneva airport. Vacances Elite charges are from £100 to £356 a week per person, depending on chalet and season, and exclusive of air fare and transfer, which is £120 return. The ski pass costs SFr 240 for six days but there are family reductions. Hire for six days of adult skis and boots is SFr 101, ski school SFr 90. Vacances Elite, 100-104 Upper Richmond Road, Putney, London SW15 2SP. Tel: 01-785-2959.*

PROPERTY

# Forgotten island aims to rise again

***Audrey Powell reports on a new development on Madeira and looks at holiday homes in Italy***

EUROPE IS dotted with "forgotten" holiday resorts — places that drew visitors back year after year, but then sank into obscurity.

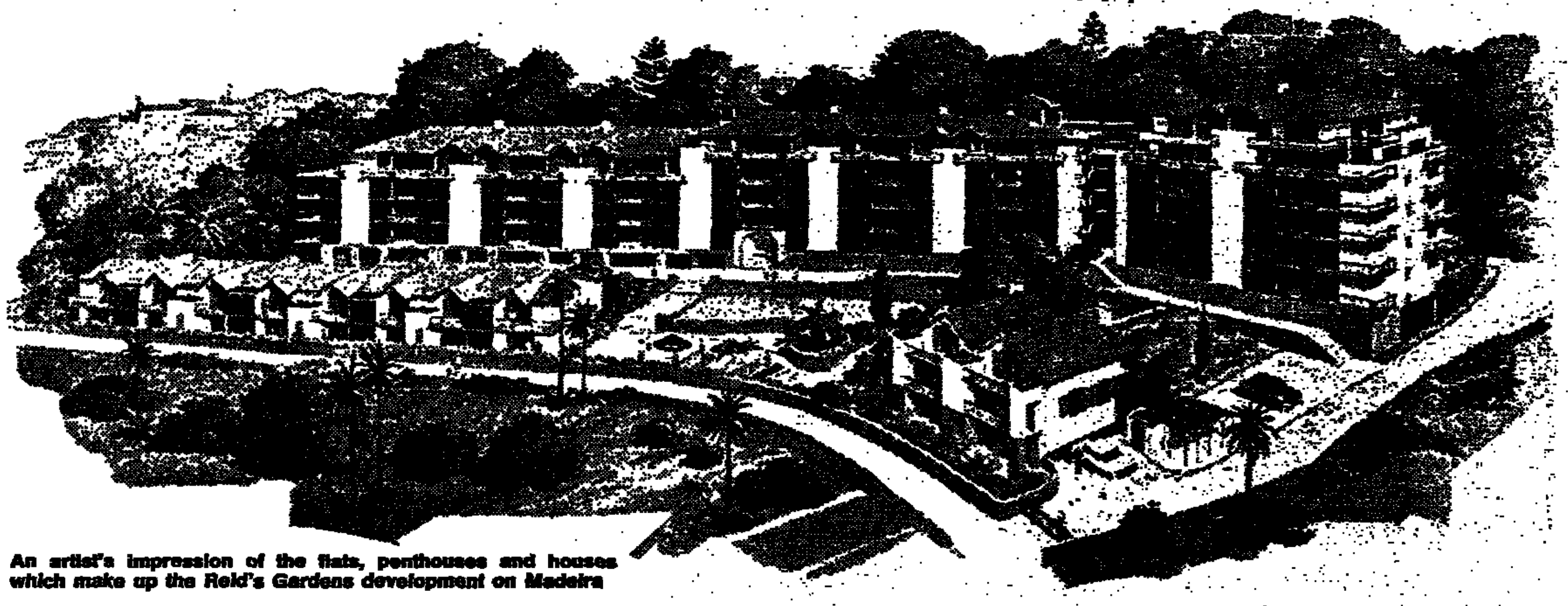
The Portuguese island of Madeira, 45 miles off the North African coast, is rather like that. In the heyday of the passenger liners it was a favourite port of call. People went there for their health, or to avoid the British winter. But air travel scooped up the cruise passengers; medicine cured faster than a mild climate, and skiing claims today's winter holiday-makers. Even Madeirans refer to their five- by three-mile Atlantic foothold, so rich in plant life, so short on beaches, as a *"forgotten island."*

However, they are working on a new role. Its renowned Reid's Hotel, on the edge of the capital, Funchal, still has faithful guests who come to enjoy its spacious lounges, its acres of sub-tropical, cliff-top gardens, and afternoon tea on the terrace. But the modern tower-blocks of competitors are all too visible, and so Reid's owners, Blandy Brothers — one of the long-standing British trading families on the island (banking, shipping, insurance, publishing, wine-exporting) — are preparing to diversify yet again.

Within the hotel grounds is the half-acre site of an old villa and its gardens, used to accommodate hotel staff. This site is now being developed with property for sale. A joint-venture company, Iberia Developments, comprising London & Edinburgh Trust and Balfour Beatty, in partnership with Blandy Brothers, is carrying out the project, known as Reid's Gardens.

There will be 37 one- to three-bedroom flats, including six penthouses, on five or six floors, and six three-bedroom townhouses. All are south-facing, with balconies and sea views. The houses front the development but because of the slope of the land do not obstruct views from the flats. There will be a swimming pool, covered parking and an entrance gate with porter.

The project is in its early stages, but quality finish, such as marble-tiled bathrooms, is promised. The properties will be sold freehold, with flats from £90,000 to £205,000 and penthouses from £265,000 to



**An artist's impression of the flats, penthouses and houses which make up the Reid's Gardens development on Madeira**

£325,000. Oddly, the houses, at from £192,000 to £197,000, are less expensive than most of the flats, although the pricing structure of the next phase may be different. The development will be managed by Reid's Hotel and there will be an annual management charge. Agents are Hamptons International, who have an office on site. (London tel. 01-493 222).

So far there have been 200 enquiries. So who will be the buyers? The developers think that half will be British, with the rest from other European countries. While some will purchasing second homes, others will be businessmen coming to live permanently on the island, for Madeira is fighting its "forgotten" image by establishing an offshore financial centre and a free-trade zone to create new sources of income. A 300 acre site close to the island's airport has been set aside for the zone, with customs and port facilities. The various tax incentives include exemption from profit taxes until 2011.

As Madeira is a full member of the EC it is felt that the project will attract Eastern companies which want to get a foot in the Community, says the Madeira Development Company. The island also hopes to bring in international banks and fund management companies — hence the need for new housing of the right type for their top employees.

Blandy Brothers, which has considerable land holdings, has earmarked another site for housing development for local people, to be sold at lower prices. More land could later be made available for further projects for incoming buyers.

Meanwhile, other Madeiran land-owning families are

> *'Other land-owning families are watching the Reid's project with interest'*

watching the Reid's project with more than passing interest. Aparthotels are to be built, in which suites would be rented. Office accommodation is being provided. The airport runway has been extended and is to be enlarged still further. A ring-road is to be built to speed traffic from the airport and the zone around Funchal. Permission has been given for an eight-hole golf course, to supplement the present nine-hole one.

Richard Blandy, of Blandy Brothers (who is also the British consul), is strongly in favour of the island coming alive again. He would even like to see the old funicular, which took people up to its spectacular mountain area, rebuilt. He sees a great future for Madeira after 1992, helped by EC money.

* * *

Italy is not a country that aims to attract home buyers or to encourage the building of developments for them. Would-be purchasers have to take to the hills and do their own prospecting among rural properties. They may be armed with lists from UK agents, but only a handful offer Italian properties. Almost without exception these feature Tuscany strongly in their lists, and Umbria next.

However, there is now not much left in central Tuscany under £40,000, says John Esplen, director of Babet Sales of Godalming, Surrey (048-68 28525), and not much below £20,000 to £25,000 in the north of the region.

He says that a different type of Briton chooses Italy from those who buy in Spain. The latter increasingly looks for a range of leisure activities to come with a development. Not so those who look to Tuscany, which is just as well as he or she will probably spend the holidays turning the ground floor cattle area into a sitting room.

If you employ others for the improvement work you will probably have to think in terms of double or treble the price for the finished job, though it depends on the standard you want. A sitting room with exposed stone interior walls can be quite suitable in a holiday home, and you don't have to bring in the plasterers and paper-hangers.

So what is available on the latest Babet Sales list? A farmhouse with two acres, near Volterra, perhaps? The house has no light or water and needs extensive improvement. Given work and time for planting to mature, it has "potential." But what can you expect for £6,700?

Or how about a "derelict but not yet crumbling" farmhouse near Siena, in wooded hilly scenery and with "an interesting courtyard." The price is a (very negotiable) £89,000. Another farm property, suitable for renovation, has 25 acres and the ruins of a 12th century Benedictine abbey thrown in for your £111,500 (negotiable). Not everyone's idea of a cosy, trouble-free, holiday home, perhaps.

There are numerous properties already renovated. How about a "stone house, perched on a wooded hillside, with the sound of rushing water and a fine view across a wide valley"? The nearest town is Ponte a Poppi, five minutes' drive away, the nearest house is a quarter of a mile. The two-bedroom property is in "good condition," the roof is newly built and you also get five acres of woodland for your £64,000. There must be a snag, and there is: "No electricity has been laid on, because the owners preferred to live by lamplight."

■ A short cut to sifting through the holiday home possibilities could be the Homes Overseas Exhibition at the Waldorf Hotel, Aldwych, WC2, which is open today and tomorrow from 11 am to 6pm. The exhibition has been organised by the publishers of Homes Overseas magazine for almost a quarter of a century. The current one has some 70 stands offering properties in a dozen countries. France is more widely represented than in the past, as are Greece, Italy and Cyprus, and Turkey appears for the first time.

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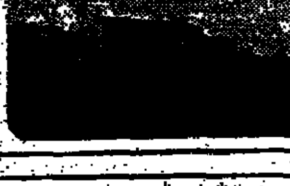

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GARDENING


# Onward and upward

## Robin Lane Fox on climbers which like mild winters

LIKE so many things in the garden, climbers have not lost their leaves and some of them are still growing stealthily. Each month, I have had to hook up new growth on a young plant of the vigorous white rose, Aimee Vibert. It is running upwards like a climbing blackberry and has to be caught young if it is to be kept straight.

This winter is making us all forgive and forget. In 1985-6, ceanothus was dying by the square yard and I vowed never to bother with wall-plants with names like Berberidopsis, red-flowered and evergreen in a mild winter. Three years later, old memories are dying faster than half-hardy plants and it seems hard to know where to draw the line. It is even harder because there are newer nurseries which are listing a very wide choice and encouraging us all to experiment.

By post, you can order from Starborough Nurseries, Marsh Green, Edenbridge, Kent, whose polythene tunnels have a good range of unusual climbers; in the south-west, Burncoose Nurseries, Gwennap, Redruth, have a tantalising list of wall plants, some of which may be safer in your conservatory. If you want to look before you choose, there is no mail-order from Stone House Cottage Nurseries, Stone, Kidderminster. Its list states firmly and correctly that the place is not a garden centre.

Visitors can see unusual climbers growing on the garden's brick walls and then choose with a better idea of the truth behind a long Latin name. Up in Scotland, Cally Gardens, Gatehouse of Fleet, Castle Douglas, do supply by post and are a source worth watching. They already have half-hardy Asarina Barcliana which grows as fast as a sweet pea and an Actinidia Pilulosa which has cream, not purple, markings. These plants are completely unfamiliar: this nursery, too, is set in a walled garden which has been planted to show off future stock.

A big list is attractive, but winter has a way of cutting down the candidates. Quite the most tantalising climber among the new intake, climbers to a man, is the evergreen Hydrangea Seemanii from Mexico.

Starborough and Stone Cottage are offering it for north walls and it looks charming when you buy it in a pot. Stone Cottage say that they lost it in the severe winter of 1981-2, but that was exceptionally hard and the plant is a good bet, though not a certainty. What about Billardiera from Tasmania with green-yellow flowers and blue fruits? In 1985-6, mine died in its pot after one week before it even reached the garden. It may be unusual but, for most, it is hopeless unless you garden in a sheltered town.

Town gardens, in fact, have the best of it, but they do not always use their advantage. They can plant these climbers against the walls of centrally heated houses which are sheltered by neighbours in a curving crescent or a sequence of walled back gardens. In a favourable town, I would certainly try the free-flowering Mutisia Oligodon up through another shrub where it would show its daisy-flowered heads of bright pink and look less wretched in the winter.

This year, Burncoose have the decurrens variety at only £5.75, a climber with orange flowers which is well worth planting for a few years' gamble. In the early 1980s, I saw an amazing Passion Flower in a Mediterranean garden. After its pink flowers, it was producing yellow fruits which dangled like bananas in autumn. Burncoose are now selling plants (Passiflora Mollissima) and it has to be the speculation of the year for anyone with a sheltered wall and an eye and a taste for something different.

Not all of us live with warm walls, let alone in a town or the mild south-west. Here, I would upgrade two honeysuckles which have wonderful flowers but no scent. Lonicera Trheophylla is still absurdly uncommon and frequently over-priced: it likes shade, manure and peace and quiet, whereupon it grows strongly and shows golden-yellow flowers in mid-June and July. The nurserymen's bible on shrubs and climbers says simply that it is "best in a tree": it is high time that we gardeners tried it there too.

As for Lonicera Dropmore Scarlet, it too is scentless, but it is a star turn. From July until October, it throws off tubular scarlet flowers on an east or west wall without any difficulty. It needs no pruning and puts up with frost. It is not so tall that it bothers cutters or first floor windows.

Apart from winters, climbers suffer most from unwary owners who forget that the foot of a wall is extremely dry. One old trick is to sink a short length of hose or piping down to a newly-planted climber's roots, leaving the top end visible at soil level. Heavy drinkers can use their empty wine-bottles, neck downwards, with the bottom punched out for access. Down the tube or claret bottle you can then supply water in summer directly to the plant's roots. The more widely it roots, the more readily it will shoot after a hard winter.

Clematis revel in the treatment and I sometimes wonder if they would not like some Beaujolais as well. People used to feed horses, after all, on wine. Water, anyway, brings much richer growth on that lovely wall-shrub, the lace cap Hydrangea Sargentiana, it is the form with the biggest and softest leaves and its slow progress is too often blamed on a cold spring. In fact, it is hardy away from the wind, but hates the drought. It is bad enough to be cold, but to be dry and facing north must surely be that much worse.

# Varieties with hidden roots

## Arthur Hellyer on plants with no garden names

WHEN THE National Council for the Conservation of Plants and Gardens (NCCPG) was formed in 1978, the intention was to seek out old garden plants that were no longer freely available and reintroduce them for cultivation. Eager members scoured gardens and nurseries throughout Britain without any precise idea of what they were seeking, but with the general instruction to record anything that seemed to be of interest.

I think few realised at the outset that they would discover many fine plants to which no garden names could be attached with any certainty. Identification of plant species presents little difficulty, since botanists provide detailed descriptions of the plants they name. Varieties selected in gardens or nurseries rarely get more than a cursory description confused with that of similar plants.

Identification relies mainly on memory and if the variety is really old that may mean memory handed on from one generation of gardeners to another. Clearly, that can be extremely unreliable, and already I am meeting nurserymen keenly interested in the conservation movement but landed with plants for which they have no reliable names.

Does this matter? Apparently it does, since customers are loathe to buy plants that are said to be special and yet cannot be identified precisely.

One nurseryman who has obtained a number of excellent penstemons, all believed to be old garden varieties which once had their own names, has decided not to include them in his catalogue because of the confusing advice he has received as to what those original names really were.

One of the major achievements of the NCCPG has been to stimulate the formation of collections of particular groups of plants and then designate as National Collections these which seemed to merit that distinction. There are a great many such collections now covering a wide range of plants and varying enormously in size and character.

It would seem logical that eventually the identification of old garden varieties should centre on these collections, but it is unlikely that the work could be left entirely to their keepers. Few of them would have the time, money or even, possibly, the enthusiasm to tackle such a daunting task which would certainly involve research in old catalogues, books and the records of horticultural societies which have given awards to plants of special distinction. In some cases photographs may have been taken or paintings made, some of which might be found easily but others with much greater difficulty or not at all.

It would seem important to enlist the help of old gardeners who have taken an interest in particular families of plants, though to rely on just one person's recollection is dangerous. I often get asked to look at supposedly old plants and say if they are correctly named. Viola Maggie Mott, a lavender blue variety that was immensely popular during the early years of the century, is one which frequently turns up but almost identical violas can be raised from seed and with each passing year I find increasing difficulty in determining whether the flowers I have been shown are truly the original Maggie Mott.

There are sometimes excellent reasons why seemingly very desirable plants have been allowed to go out of cultivation. Dahlia Bishop of Llandaff was probably the best red-leaved crimson-flowered variety ever raised but it had one peculiarity which looked like a virtue but proved to be a fatal handicap. It could become infected with the virus diseases which attack dahlias, without being in any way affected. That is fine if Bishop of Llandaff is the only dahlia in the garden but it becomes a menace in dahlia nurseries since it is impossible to tell which plants are infected and to destroy them before they pass on the disease. Not unnaturally, most nurserymen banned Bishop of Llandaff altogether and for a time it seemed to have been lost in private gardens as well.

Now a lot of plants called Bishop of Llandaff are back in cultivation, but are they really the original Bishop of Llandaff? If they could be shown to be riddled with virus they probably are, but if they are free of virus they are probably imposters. It would be a pity not to grow them on that account for that is just what gardeners need. More sensible would be to give them a new name and that implies some authority in control, maybe the NCCPG or its parent body, the Royal Horticultural Society.

An excellent new book, *Collecting Garden Plants* by Jane Taylor (Dent, £16.95) gives much information about the old plants being made available and the National Collections in which many of them can be seen. It also pinpoints some of the difficulties I have been describing. Jane Taylor herself started a collection of red hot pokers (kniphofias) which was designated a National Collection and, when she could no longer care for it herself, she passed it on to its present home in the Isle of Wight.

One of the varieties which she tried to get was named C.M. Prichard, a magnificent yellow-flowered hybrid raised early this century in the Prichard Nursery at Christchurch in Hampshire. Unhappily, the red hot pokers there became heavily infected with a soft rot disease which destroyed many of them and it seems possible that C.M. Prichard was one that disappeared.

Yet, according to Taylor, by the 1950s, Prichard's Nursery was selling the South African species, Kniphofia rooperi, under the name C.M. Prichard. There is no suggestion that this was done to deceive but simply that someone got confused.

It is very easy for this to happen, which is one reason why it is necessary to have more than one positive identification before any old name is approved. In cases of doubt but where the excellence of the plant clearly indicates the desirability of growing it, it would probably be best to give it a new name.

Meanwhile, my advice to ordinary gardeners is not to be too influenced by names but to look closely at plants and make their own judgment as to their value.

# An English landscape — in Wales

HORACE WALPOLE observed that the origins of the English landscape garden might be traced back to the medieval deer park. There is nowhere better to appreciate the shrewdness of that historical perspective than at Dinefwr (Dynevor) Park, in Wales.

But there is, also, nowhere better to register the enormous difficulties of preserving such a site for public education and enjoyment.

Dinefwr is historical landscape of enormous cultural interest and great beauty; an estate owned by the Welsh lords of Deheubarth whose iron age fortifications commanded the River Twyi — a ruined 13th century castle dominates it now.

These archaeological riches are in an area of splendid natural variety: woods, river meadows and further hilly outcrops such as Grongar Hill (featured in John Dyer's verses in the early 18th century), and with the foothills of the Brecon Beacons to the east.

The landscape's natural forms have been subject to different kinds of human intervention, from Iron Age settlements to a market town — Llandeilo is nearby — from castle ditches and banks to parkland reshaped by the 18th century English gardener Capability Brown.

There must be few places in Britain where historical, cultural and aesthetic history tells itself so eloquently. But Dinefwr is more than just a lesson in landscape history; it is a test case for the purposeful, enlightened and patient preservation of our historical landscape.

The estate needs to be put back together again, to which end the National Trust has, with local support, been acquiring packets of the estate broken up in an all-too familiar pattern of death duties and economic crises.

Together with Dyfed Wild Life Trust, castle owners, the National Trust — which now owns the deer park — hopes to reassemble the area into a site of historic grandeur.

A section of the house which stands in the area, Plas Dinefwr, now the property of the Welsh television company Derwen, could be turned, with their enthusiastic endorsement, into a centre for the study, in part, of Welsh historical landscapes.

A symposium this year at St David's University College, Lampeter, will address some of the complex issues which are highlighted by such a site as Dinefwr as well as other threatened houses and gardens in Wales such as John Dyer's nearby Aberglasney.

Not least, it will ask what historical moment a restoration attempts to recapture when it deals with an ever-changing site. Some late 17th century paintings of the park show gardens in the Dutch style — should these be re-established? If Capability Brown's advice was taken at Dinefwr, how might we recover the parkland as he reshaped it?

Above all, how is this parkland, wih its deer, to be made accessible to the public without erosion by an excessive number of visitors?

Dinefwr is a test case, on which the eyes of conservationists as well as landscape architects and historians everywhere should be fixed.

**John Dixon Hunt**

*John Dixon Hunt is a director of studies in Landscape Architecture at Dumbarton Oakes, Trustees for Harvard University, Washington DC.*

DIVERSIONS

# Save the site of our ancient standing stones

*Plans to build a theme park in Wiltshire, on the doorstep of one of Europe's greatest prehistoric monuments, have upset* ***Gerald Cadogan***

WHY MUST we put up with fake heritage when the real thing is on our doorstep? Earthworks and stones as important as Mycenae or Luxor – and older than both – face the prospect, at Avebury in Wiltshire, of having a theme park built next door.

Hertfordshire builder Ken King has bought the Grade 1 listed manor, and 22 acres there, and wants to develop them in this small and sleepy southern England village that happens to be at the centre of ancient Britain and have the greatest prehistoric monuments in Europe.

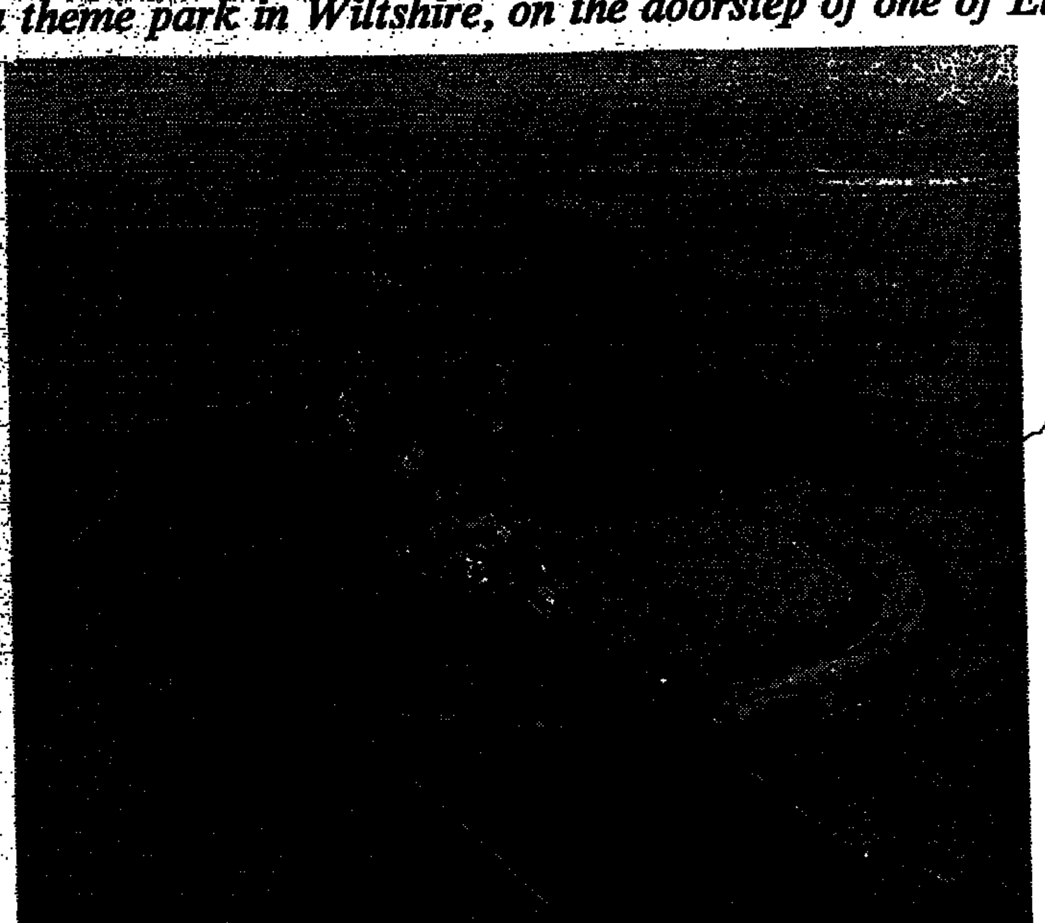
His advertisement says: "Enter the Elizabethan Experience." His plans include wax figures, an exhibition of artefacts of torture, strolling players, jesters, lords and ladies, a garden centre and large adventure playground. On Thursday Kennet district council's planning committee will be discussing King's detailed building applications.

News of these plans has provoked uproar, stretching from the United Nations Scientific and Cultural Organisation (Unesco) – that designated Avebury one of only 11 World Heritage sites in the UK – to Avebury in Danger (AID), a local group that has already been fighting one conservation battle in the past year.

Others with strong views are: the National Trust (NT), which owns 812 acres of monuments and grassland at Avebury; English Heritage, which looks after the monuments and archaeological museum and advises the district council and Department of the Environment on listed buildings; and, of course, King.

So the Environment Secretary has invoked Article XIV, the Catch 22 part of the Town and Country Planning Act. This limits the district council's powers. It may reject the application or, if it approves, it will have to send the matter on to the DoE.

When it seemed that thousands of years of history might succumb to six months' hurry,



An aerial view of Avebury in Wiltshire

Article XIV gave a breathing space. But it is only a beginning. There are three separate planning applications. The DoE must consider them as a whole and look at what World Heritage status means in practical terms.

The various schemes could be fine elsewhere; are they all right at Avebury? What is the right balance between tourist development and preservation? And what will the district council's Village Plan for Avebury (to be started in the spring) propose as part of the overall Local Plan?

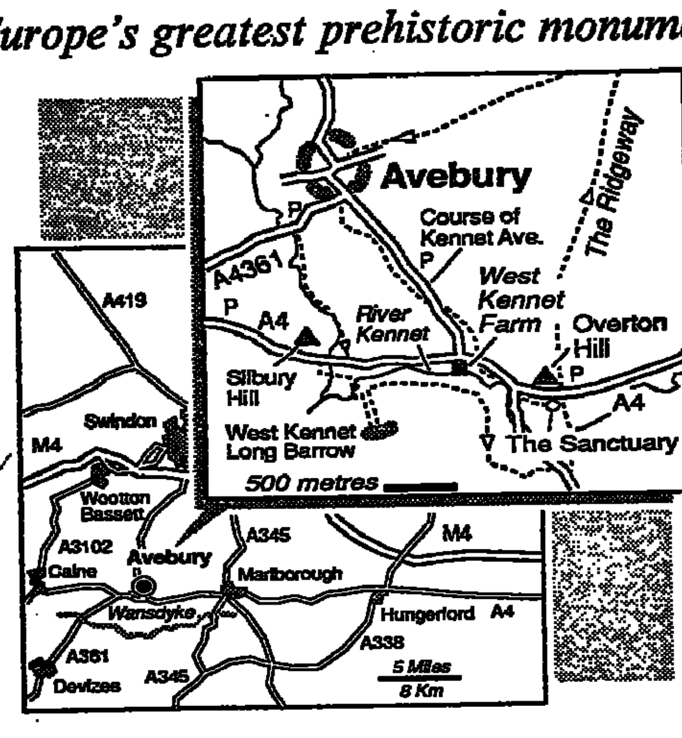
Before any decisions the fundamental question to consider is why Avebury matters. The answer is simple: Avebury and its surroundings have the best, biggest and most important monuments of early Britain. Spend a day and see what was built in the 3rd millennium BC.

Avebury has mighty circles, stone avenues, a Neolithic town, tombs and the great mound of Silbury Hill. All are superlative. At their centre is the vast circular earthwork (diameter 1,400 ft) that swallows the village except the church and manor.

It is easy to walk around the huge ditch and outer bank. Its majesty is overwhelming, most of all as you step out of the pretty High Street, open a gate and go back thousands of years. From the bank's top to the bottom of the ditch is 50 ft. The work on this prehistoric cathedral took years, by hand, using antler picks. On the flat ground inside the ditch is the great ring of sandstone boulders called sarsens, like the large stones of Stonehenge. In the middle were two smaller groups of stone circles.

The sarsens seem hoary with age and add to the sense of time primeval. They make two rough groups, christened male (tall and upright) and female (baggy). Over the years many were robbed for building stone. But, Alexander Keiller, the Dundee marmalade heir who bought and dug the monuments in the 1930s, replaced missing stones with concrete markers. Like everything at Avebury, the sarsens are enormous (100 ft or more), much of them below ground.

Geologically they are the remnants of a sandstone capping over the chalk. Neolithic





people dragged them on sledges or rollers to their monuments. Later farmers smashed them. Those that survive are now treasures in their own right. You can see them near Avebury to the east (look on the Ordnance map), and at Lockeridge Dene west of Lockeridge village, where the National Trust has a field full of them. Locally they have been known as grey wethers. They look like sheep.

From Avebury two great avenues of sarsens led out to the south east and south west. Many stones still stand on the south east avenue and there is another set of stone circles on Overton Hill. Called the Sanctuary and now displayed by concrete markers, it is next to the ridgeway and a layby on the A4 opposite the Ridgeway cafe.

Stop here to view the Kennet valley. Dominating it is a giant pudding of rammed chalk and turf that is the largest man-made mound in Europe, Silbury Hill. It is 131ft high and covers five acres, and nobody knows why it is there.

Avebury's rolling downs and ancient field systems have yet more marvels. Near Silbury Hill are two great burial mounds, the West and the East Kennet long barrows; and controlling Avebury from the north west is the huge Neolithic town on Windmill Hill, where three banks and a ditch enclose 24 acres.

It adds up to an extraordinary landscape of old Britain. Unesco recognised this in 1986 in declaring Avebury a World Heritage site. Coincidentally, or not, that was the signal for life to change at Avebury. In spite of 250,000 visitors a year, many of whom also took in the manor (open to the public since the 1950s), it had had a quiet life.

Now three planning battles rage. First came the proposal for a hotel of would-be Stone Age wigwams on Overton Hill, on the skyline site of the Ridgeway Cafe. Wrecking the views of the landscape, and vigorously opposed by archaeologists and conservationists, this too merited an Article XIV notice from the Environment Secretary. There was an inquiry in the autumn. The report is not yet ready for release by the DoE.

At the foot of Overton Hill is West Kennett Farm, sold last year. The National Trust bought the land (480 acres) running up to the ridgeway to safeguard the whole east flank of Avebury as far as the view. They are appealing for £750,000 to repay loans taken to buy it, and need £350,000 by March or else they will have to sell on 150 acres. A limited mailing in archaeological journals has raised already £102,000. Now the rest of us must give†.

The buildings are by the river and include Grade II* barns, a dovecote and a brewhouse that looks like a nonconformist chapel. Marlborough Homes bought them, with executive housing in mind needed for booming Swindon. But the district council, which appointed a tourism development officer last May, urged consideration of a hotel and will soon hear the application for one, complete with function rooms, gym, sauna and swimming pool.

IS it needed? Hard to say. AID thinks not; the district council sees a shortage of overnight and long term lodging. And at West Kennett there is little spin off for locals as unemployment is already low. It would be bound to alter the inherent character of the buildings and can hardly be right for an Area of Outstanding Natural Beauty and Area of Special Archaeological Significance and Conservation Area, on the edge of a World Heritage Site and a Scheduled Ancient Monument.

Its use as an international research centre would be far better. It has masses of space for labs, workrooms and living, accommodation. It is high time that Britain, which sends people abroad to study the past, invited more foreigners to come and study ours. But that needs imagination and money.

Back at the manor, the gates are festooned with planning applications for works in the garden and outbuildings. The district council ordered King to apply for consent as the work was going ahead without it. This happened after people saw the scale of his works, with skip upon skip of soil of potential archaeological value carted away. Some work is still going on. The applications to be heard on Thursday are, in effect, seeking retrospective approval.

They list a proposed falconry that damages an historic archery range; an estate manager's office and flat (the "estate" is 22 acres); a large car and coach park (there will be a traffic problem); the adventure playground for children to let off steam, as if the bank and ditch do not achieve that already; a garage for 10 vintage cars; craft workshops; and a very large greenhouse which must be the brochure's garden centre. The manor's stationary says that the manor is available for conferences, banquets, corporate hospitality etc.

King's aims in artificially creating new attractions appear commercial. Nearby Littlecote must have given him some ideas. That is all fine, but not at Avebury. The district council has had – until now – a rigorous policy of curbing signs of commercialism. Why change this? Why introduce the bogus here? It would be far wiser to wait for the Village Plan and overall decisions from the DoE, after an inquiry.

It was the first Lord Avebury (then Sir John Lubbock) who led the campaign for the Ancient Monuments Protection Act 1882. Its pioneering protection soon included the West Kennet long barrow. Earlier he and others had bought the circle to stop the stones being broken up. Then the rescue of Avebury began.

A century later, it must not be allowed to sink. Meanwhile AID prepares for the inevitable public inquiry, which will need lawyers and money, and no costs repaid if it wins. But, AID says, a theme park next to any of our other World Heritage sites (say Blenheim, Westminster or Durham) is unthinkable, and so it should be at Avebury.

*†West Kennett Farm Appeal: The Wessex Fund of the National Trust, Stourton, Warminster, Wiltshire BA12 6QD.*

Bibliophilia

# Time for a bit of marketing magic

*William St Clair looks at how the book trade has bought and sold its wares*

THE HISTORY of the book trade is the history of restrictive practices. In the early centuries, the Stationers Company exercised a rigorous monopoly. The government found it easier to apply control if the industry was concentrated and co-operated in policies which kept it biddable.

In 1637 a decree of the Star Chamber reduced the number of permitted printers to 23. Entry to the trade was kept tightly restricted; every printer being required to serve an apprenticeship of at least seven years. At the same time imports of English-language books produced abroad were prohibited.

The abolition of formal censorship in 1694 was an advance for freedom. However, it also left publishers exposed to the risks of competition. By 1719, the seven majors in the industry had formed a cartel and the Conger, as it was called, maintained their commercial privileges for another century. Nobody knows the true origin of the word but it was well chosen. The Conger became a gigantic eel which gobbled up any lesser fish which dared to swim into its feeding grounds.

Whenever an attractive new book was written the members would combine together and offer sums to one another. The arrangement was publicly justified on the grounds that the investment risks were too high for any individual firm, and that works such as Gibbon's *Decline and Fall of the Roman Empire* would not otherwise have found a publisher. High prices, it was asserted, promoted good literature, but no author who wants his books to be read ever believed that.

At its height, the Conger had about 40 members who bought and sold literary rights among themselves at their monthly dinners. In theory, these occasions were public auctions but if you were not in the circle it was impossible to obtain a copy of the catalogue. The Scottish publishers who challenged the practice were told in stern terms that they would not be welcome, and other intruders were either driven out or taken over.

Johnson's *Dictionary* was originally published by seven firms, who all did well. By 1805, a share of a 160th of the copyright was sold for just £23. At the same time the Conger claimed a perpetual copyright of 58 English poets from Chaucer onwards and the English classics were re-produced year after year by monopoly syndicates.

Authors were usually obliged to sell their rights for a fee and men who had to pawn their overcoat to buy their dinner were not well placed to bargain with organised big business. In 1726, Swift obtained £200 for the perpetual copyright of *Gulliver's Travels*, which has been in print ever since. Gray got nothing for his *Elegy in a Country Churchyard* but the publishers made £1,000 in a few years.

Even pornographers were exploited. Cleland sold *Fanny Hill* for 20 guineas and the publishers made an immediate profit of £10,000. The only types of writing that were adequately paid during the years of the Conger, as a careful analysis at the time showed, were hack work, text-books, do-it-yourself, atlases and books about animals.

Occasionally a persistent newcomer broke through the practices of the trade. The book-seller James Lackington made a fortune at the turn of the 18th century by buying excess "remainder" stocks which publishers had previously sent for burning as part of their high-price policy. The publisher Richard Bentley in the 1830s brought down the price of novels overnight from 31 shillings and sixpence to six shillings. He too found huge new markets of readers who had never previously been able to afford books.

In our own century Allen Lane transformed the economics of literature in the 1930s with his sixpenny Penguins. At every breakthrough there have been murmurings that cheaper books are bad for serious writing, but the opposite has usually turned out to be nearer the truth.

It now looks certain that the Net Book Agreement – an officially-approved restrictive practice – will be challenged in 1989. The NBA, which dates from the beginning of this century, allows publishers to set the final retail prices at which books can be sold, so preventing price competition among book-retailers. If the profits on the non-literary books and best-sellers are subject to price competition at the point of sale, it was successfully argued before the Restrictive Practices Court, some bookshops will go out of business. The result, it is said, will be particularly harmful for the more serious types of writing.

In some ways, the argument is a replay of the Conger's claim that high prices are good for literature. It has a curiously antiquarian flavour. Underlying the arguments of both sides is an assumption that books are sold by encouraging customers into bookshops. But, for the works which are said to be most at risk, this assumption looks increasingly doubtful. If you go to buy jam you may take home strawberry even if you might have preferred raspberry. But if you want to read the latest biography of Shaw, which you have seen reviewed in the literary pages, you will not regard the latest biography of Shakespeare as an adequate substitute.

Publishers give book-sellers discounts of upwards from 30 per cent on the retail price. In many cases the book sellers buy on sale-and-return terms and do not even accept the risk. Using the money represented by this margin, the publishers could reduce their prices and sell direct to the public, competing with the book-sellers on price and on service. Imaginative marketing might prove better for literature than propping up old restrictive practices.

DESPATCHES
• Washington •

# Wall of memory

WHEN HE was president, Ronald Reagan left a handwritten note at the Vietnam Veterans Memorial in Washington DC on Veterans Day. "In our hearts you will always be young . . ." he wrote. The memorial known as VVM – a V-shaped black granite wall listing the names of 58,132 who died or remain missing – has become a place of pilgrimage.

Throughout the day and night this wall, like a cut in the earth near the Lincoln Memorial, has drawn Americans and visitors from throughout the world by their million since 1982. Its design, by Maya Ying Lin – a 21 year old student at Yale when she won the competition – has created space for relatives and friends to leave treasured objects, ordinary things and spontaneous messages remembering the dead from a war which split America. By 1984 the piles of boxes, filled with badges and beer cans, worn combat boots and annotated flags, teddies and photographs, collected by National Park rangers who guard the wall, prompted an official response.

About 12,000 items have so far been collected from the 247ft-long wall. They are tagged with date and position, bagged and taken to MARS – the Museum Archaeological Regional Storage Facility, open by appointment 20 miles outside Washington. So far only about $30,000 a year has been voted by Congress to sort and preserve the collection, but computers are being brought in and a couple of Vietnam veteran volunteers are being taken on to speed cataloguing and research.

No visitor to the museum can remain untouched, any more than they can by the experience of the VVM itself. From the wall, MARS has acquired combat boots and mothers' letters, a pair of panties and bravery medals. Fresh flowers and unmarked flags are not kept; dried flowers a Christmas tree, Winnie the Pooh, a baseball bat, poems, photos are taken and become museum treasures, owned by the government 60 days after being left.

Vietnam veteran Duery Felton ("I was injured: almost on the wall") uses his experience to give an oral, recorded account of the objects as they are unpacked and identified at MARS. He undertakes further research: "We don't know why this M14 rifle with muffled swivel has 18 notches on it. This pair of Ho Chi Minh sandles could have belonged to a Viet Cong soldier. Look at this stained glass cross in memory of Matthew F Sharpnack, 1947-1967. We get beautiful paintings and drawings. Here's a khaki hat with 'welcome home'."

In trays are rows of medals which the staff inspect with white gloved hands. Here are official medals and also unofficial ones. A particular clandestine operations group which penetrated behind enemy lines, for example, made one from beer cans, with a bomb bursting behind a skeleton and wings above.

Ordinarily families would keep hard-earned medals, but the trend to "donate" them to a catalogued future began when a brother imbedded a Purple Heart medal in the cement under the wall. Since then daily, mostly anonymous, tributes are left – and endlessly painful letters.

How long the collection will grow is a question without answer. Grandchildren are beginning to express their loss. A note pleads "bring my grandfather home." He could be among 1,300 still missing.

■ Information from Earle Kittleman, Chief, Division of Public Information, National Park Service, US Department of the Interior, National Capital Region, 1100 Ohio Drive, SW, Washington DC 20242. Tel. (202) 485 9664.

***Ann Hills***

# Chess

LAJOS PORTISCH of Hungary and Jan Timman of the Netherlands are playing their six-game world title quarter-final series in Antwerp this week. Jon Speelman, the British semi-finalist, made a shrewd move with the aid of sponsors Pilkington Glass in settling his own match with Nigel Short last August in advance of the rest of Kasparov's potential challengers. The outcome has been that FIDE, the International Chess Federation, gave London and Pilkington first option to stage Speelman's semi-final, which will now be played here in October.

Speelman's victories over Yasser Seirawan and Short upset most expert predictions; and his winning margin of 4-1 and 3½-1½ without loss of a game were even more of a revelation. His readiness to disturb the normal cautious rhythm of match chess by a dynamic, enterprising style and to force the crisis of games in mutual time trouble clearly unsettled both his earlier opponents.

Meanwhile Speelman has risen to No.4 in the official world rankings, behind only Kasparov, Karpov and Short. Sceptics remain who assert that the British grandmaster will be unable to succeed with tactical bursts in the later rounds of the title series when the matches are staged over more games; but while a few months ago Portisch or Timman would have been a narrow favourite over Speelman, this is no longer the case.

The problem for both the Hungarian and the Dutchman is that both have competed many times in the world title candidates or interzonals, and have demonstrated serious fallibility and tension at critical moments. In matches spread over more than a decade against Larsen in 1968, Petrosian in 1974, Spassky in 1977, and Hubner in 1980, Portisch cracked in the final games.

Timman muffed his chances in the 1979 interzonal, then in his 1986 semi-final match with Yusupov he suddenly went from one up to three down, blitzed by his Soviet opponent's prepared opening novelties. On the positive side, Timman has special match experience through the annual KRO series where every year he is sponsored by a broadcasting company for a six-game encounter with a leading world grandmaster.

The 1988 KRO match, played in Hilversum in December, paired Timman with the former world champion Mikhail Tal. Timman began well and led 2-1, but Tal showed his old tactical skills to win two games in succession and run out a 3½-2½ victor.

The encouraging aspect for Speelman supporters was that Timman did badly when the positions developed into unclear melees, as in this week's game.

White: J.H. Timman. Black: M. Tal.

Sicilian Defence (4th match game 1988).

1 P-K4, P-QB4; 2 N-KN3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-K3; 6 P-B4, P-QR3; 7 Q-B3, Q-N3; 8 N-N3, Q-B2.

A fashionable variation from Tal's peak years in the early 1960s. Timman opts for a sharp pawn advance, but the solid B-Q3, B-K3 and O-O looks preferable.

9 P-N4; P-QN4; 10 P-N5, P-N5; 11 N-N5, PxN; 12 PxN, PxP; 13 N-Q4, B-Q2; 14 P-B5, N-B3; 15 NxNP, Q-R4; 16 PxP, PxP; 17 B-Q2, N-K4.

This active centralised knight gives Black a clear advantage, while 18 QxP, R-KN1 and B-K2 opens fresh lines for Black's pieces.

18 Q-K2, R-R1; 19 N-Q4, N-B5; 20 N-N3, Q-K4; 21 BxP, NxP; 22 P-B3, N-R5; 23 P-B4?

Creating another weakness. Better is 23 R-B1, B-R3; 24 R-B2 though Black keeps up the pressure by B-KN4.

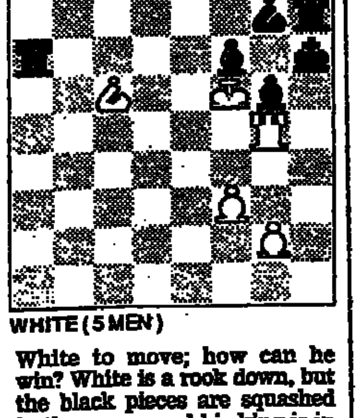
23 . . . R-QN1; 24 P-QR3, B-B3; 25 R-KN1, N-B4!

Black now gains decisive material, for if 26 NxN, QxR ch.

26 R-N1, BxP; 27 N-Q2, BxR; 28 QxQ, QPxQ; 29 NxB, N-R3; 30 Resigns.

PROBLEM No.759

BLACK (6 MEN)



WHITE (5 MEN)

White to move; how can he win? White is a rook down, but the black pieces are squashed in the corner and his king is in danger. The solution is nine moves long, but the play is virtually forced.

Solution Page XXI

***Leonard Barden***

# Bridge

MY FIRST hand today comes from rubber bridge, with Sherlock Holmes in the North seat and Dr Watson sitting South:

N
♠ A Q
♥ 9 6 5 3 2
♦ Q 7 2
♣ 10 5 3

W
♠ J 10 7 5 4
♥ J 8 4
♦ K 5
♣ J 8 4

E
♠ K 8
♥ Q 10 7
♦ 8 4 3
♣ Q 9 7 6 2

S
♠ 9 6 3 2
♥ A K
♦ A J 10 9 6
♣ A K

With North-South game, Watson dealt and opened the bidding with one diamond, to which North replied one heart. South's jump to three no trumps brought the auction to a close.

West led the five of spades. When dummy appeared, declarer could count six immediate winners, with three more waiting to be developed in diamonds. After a few moments' thought he played dummy's spade queen, East took and returned his other spade to dislodge the ace. The diamond queen was played from dummy and finessed. West won, and his three spade winners beat the contract.

"Unlucky," said Watson, "both finesses were wrong. Was there another way?" "You missed a clue, my dear Watson. You failed to consider West's bidding," answered Holmes. "But West never made a bid of any sort," said Watson. "Exactly. Do you think that at favourable vulnerability any West, having five spades to the king, knave, 10, plus the diamond king, would pass your opening one diamond?

"Clearly West cannot hold five spades and both missing kings. You should put up dummy's ace of spades at trick one, and finesse the diamond queen. West wins, as the cards lie, and leads the four of spades to the queen and king. If West began with five spades, East has no spade to return; if he began with four spades, the defence can cash three spades and the diamond king – your contract is safe.

"If West holds the spade king, don't grumble about missing a finesse, but thank heaven that diamonds will now yield five tricks. Elementary, my dear Watson. Do you remember the case of Silver Blaze, and the dog which did not bark?"

My next hand comes from teams-of-four:

N
♠ A Q 9
♥ 5 3
♦ A 7 5 2
♣ K 8 4 3

W
♠ 2
♥ K Q 10 9
♦ Q 10 8 4
♣ Q 10 6 2

E
♠ 6 5 4
♥ 8 7 6 4 2
♦ 9 3
♣ J 7 5

S
♠ K J 10 8 7 3
♥ A J
♦ K J 6
♣ A 9

With North-South vulnerable, North dealt and bid one club, South made a forcing take-out of two spades, and North raised to three. South now said four clubs. North replied with four diamonds, South said four hearts and after North's response of four spades went to six spades.

West opened with the king of hearts, and South took stock. He could see 11 top tricks, with the 12th depending on the diamond finesse. Winning the lead with his ace, declarer cashed ace and queen of trumps, and when West failed on the second round, drew a third round, cashed the diamond ace, and finessed the knave in hand. West won, and the queen of hearts beat the contract.

In the other room, South, also playing six spades, and against the same lead, saw the possibility of an elimination and throw-in against West. Winning the heart king, he cashed ace and king of clubs and ruffed a club high in hand, then crossed to the ace of spades. Ruffing the last club, he crossed to the spade queen, West showing out.

A complete elimination was not possible, but the partial elimination was equally good. He returned a heart to his knave. West had to take, and found himself endplayed. A diamond return would run into South's tenace, a heart return would concede a ruff discard.

***E.P.C. Cotter***

DIVERSIONS

# Nanny may know best, but Mum's still the word . . .

*House husbands, child minders, nannies: what does a career-minded family do with a new arrival? It's all a matter of choice, really*

**OVER THE last 20 years the way in which children are looked after has changed out of all recognition. In many a well-heeled family, where before the war nanny would have ruled the nursery roost, today the mother believes in taking care of the children herself. And many a working mother who grew up in a house with no help at all finds herself the brand-new employer of live-in help.**

**However, just as the funeral rites for the passing of the old-fashioned nanny were being said, so a new market was born. With some 41.4 per cent of the current workforce made up of working women, it had to happen. How to be sure her children are happily and safely looked after is the working mother's biggest headache. Whether it is Sophie Mirman building up her empire or a humbler worker toiling in her employer's field, it can't be done without adequate child-care.**

**These days there is no single solution to the problem. New solutions are being looked at every day. For the lucky few, some employers are beginning to organise in-house crèches, while others are offering male employees five-year career pauses to let fathers play a part in child-rearing. For some the answer is the live-in nanny, for others it lies in finding a reliable child-minder. For yet another couple father may change nappies and mother brave the corporate den. Here, FT writers and friends take a personal look at some of the solutions that have worked for them.**

House husband extraordinaire Peter Knight with baby Max

Photographer: Lydia van der Meer

CARING FOR a baby is a great way to meet women. Pretty shop assistants show uncharacteristic attention and there are ranks of attractive mothers at baby-bouncing gyms. But it is one of life's cruel ironies that it is the only time in a man's life when he's not really interested, or he's so tired from broken nights that the mere thought of anything extramarital is too exhausting to contemplate.

Of course you can always meet other men while bouncing your baby. Fathers who care for their children might be a forgotten minority, but they do exist. The only problem is that most of those who go public appear to knit their own jumpers and carry a copy of the Guardian.

However, there appears to be some movement towards the more typical man playing a bigger role in child care. This assertion is based purely on my experience in the niche market of daddy doing what mummy used to do: staying at home, changing nappies, drying noses, watching Neighbours (occasionally) and complaining of exhaustion.

I don't do it all the time because I also work from home and have part-time help in the office and the nursery during the day. But I take a heavier load than mum because she goes to work at 7am and returns 12 hours later. This means changing year-old Max in the morning, providing breakfast and stimulating conversation ("hubba, hubba, hubba") while trying to read the FT. It also means getting up for night-time problems because mother has to face critical people in the morning while I can hide behind a computer screen.

And when the help goes home in the afternoon, or is sick, or takes time off to cremate her cat (it's happened), then father cancels his appointments, works at night and plays mother during the day. Mother would be considered a wimp if she had to take time off work for such a trivial reason. Nanny problems do not rate high on the rank of corporate excuses for time off.

There are, of course, many problems for we reverse-role dads. We are as ambitious as any to move forward in our careers, but this has to be done within restrictions. You can't shoot off to the US at short notice, and you don't have the opportunity of bumping into the boss at baby bouncing. When work goes badly or the breaks don't arrive, it's easy to blame the bawling infant for your own inadequacies.

There is another, more personal difficulty: handling mother's guilt for leaving her child. Contrary to popular belief, so-called career women are not like some lesser animals who drop a child and let it fend for itself. They are caught in the difficult position of trying to forward their career while longing to spend time with their children. The compromises lead to heavy burdens of guilt with which the husband inevitably sympathises. It can be hard practising the goodbye wave in the morning knowing that your wife hates going.

This might sound rather feeble but it's real. Men are changing their attitudes and are more willing to admit that there is not much mileage in keeping the upper lip traditionally stiff. A top civil servant, for example, has just negotiated a four-day week so that he can spend more time with his children. This is a man brave enough to admit that he wants to be with his children (many would not) and clever enough to negotiate a deal that gives him the opportunity.

There's nothing wimpish about men who want to stay home, although many people think so. Dinner-party reactions to men's child-caring abilities range from incredulity to pity. Fortunately, I am reasonably impervious, because having worked from home for years I have got used to the fact that the ignorant and old-fashioned consider it just a euphemism for "unemployed."

A combination of nappy changing, working from home AND being married to a successful woman can cause deep anxiety among dinner-table companions who feel that they have been placed at the cheaper end of the table. Instead of meeting captains of industry they are forced to share small-talk with some corporal of the nursery.

Of course the English, on the whole, view children as a bloody nuisance. Hence anyone who spends time looking after infants suffers from a rather low status. And men who allow themselves to be so demeaned deserve contempt, or so it would seem when comparing English and Continental reactions to men with babies. When Max was three months old he came to Paris and was welcomed in restaurants. In London the other day we were barred from Terence Conran's Bibendum oyster bar with some silly excuse about licensing laws and children. Well, they can keep their bloody oysters and Victorian ideas about children; Max intends to do his under-age drinking somewhere more sophisticated.

The richness of experiencing a child's growth fortifies the ego and helps overcome the internal doubts and any external disdain. For me one of the biggest benefits is the inability to have breakfast meetings. A lack of the Savoy's egg and bacon has kept my cholesterol level down but my revenues and profits are up. Max and I must be doing something right.

**Peter Knight**

Happy families . . . Nanny Finola Ryan with Elizabeth (left) and Julie Dalby Gray

WE HAD a bad year in 1988. One of the children had a serious accident to her eye. She recovered almost completely, but it gave us months of worry. Then we tried to expand our London home by buying the flat downstairs. Only at the last minute did we realise that we would be nearly bankrupted if interest rates rose much higher, and the deal fell through. Again, it was an anxious time.

However, the most traumatic moment came when our nanny of three years decided to leave. It didn't seem like a disaster at the time; three years is a long time for a nanny to stay with one family. Perhaps we had started to take her for granted. She had been reliable. She didn't go out much, which solved the baby sitting problem. She was good on discipline when the children were little. But we were starting to think there should be a parting of the ways, to make way for someone more imaginative with children.

Moreover, though she was and is a nice girl, she was a lurker. That is to say she lurked in the kitchen door, when the children were in bed and we were at the "how was your day at the office?" stage.

This is one of the greatest difficulties in finding a good nanny. You want someone who will disappear when you want them to, but will magically materialise when there is a crisis. The problem is that although a nanny can become close she is an employee, not a member of the family — and she is in *your* house.

We would not have been so sanguine about her going if we had realised how difficult it would be not to get a perfect nanny, but *any* nanny. You might think that there are any number of girls who are dying to work for a professional couple who have two beautiful, intelligent, well-behaved children, a large maisonette in West London and a cottage in Sussex for weekends, and you would be right. Right? Wrong.

The rise in the number of working women and two-parent careers has meant a commensurate rise in the demand for nannies. There have never been more nannies, at least in Greater London, and they are in a seller's market.

If you cannot get a nanny through word of mouth the conventional method is to advertise in The Lady. You can place an advertisement by telephone (01-836-8705) and it will cost you between £10 and £20. This takes time — there is a ten-day lag before the advertisement goes in and then you have to garner in the replies.

Another route is to apply to an agency. We got a number of names from friends who live in the classier end of Notting Hill, and predictably enough the girls we saw were a little too grand. The classier end of Notting Hill is what Americans refer to as "toney," or full of tone. We live in what we call the Third World end. Estate agents say it has "character," which means it is up and coming. Whether it will actually arrive is debatable, but we like it, and there are many like us who live a "bohemian lifestyle," which means barely controlled family chaos.

However, the nannies sent to us from Norland Agency, 0488-82252, the Nanny Connection, 01 937-3287, Kensington and Chelsea Nannies, 01 589-2093 and Elite Nannies, 01 439-6288, were generally looking for something else.

What we were offering was an own room in the loft, (newly converted), £100 a week, weekends off and most evenings off. The nannies from the agencies had often worked in the US, or for rich Arabs or grand families. They were used to suites of rooms or a separate apartment, own cars and foreign travel. We tried to impress on the agencies that we are not grand, but there was obviously a mismatch between us and them.

We were not too upset, since if we had taken someone on there were charges of between £400 or £500, payable up-front or over the first few months. If the girl didn't stay long, the money had disappeared.

We reverted to The Lady. We saw about 15 girls, and found that what they really wanted was to come to London as a stopping-off place and then move on. The going rate is £100 a week (though it costs us, in all, with food, holidays, car petrol, in the region of £10,000 a year), evenings off, own television in own room/rooms, some foreign travel, and little or no housework. If you pay more than £32 a week the nanny has to pay tax, so you have to sort out how much is paid in petty cash. You also have to pay National Insurance.

*Eventually, we found a very* good Irish girl. She came well recommended from the US but also had the advantage of having come from a large warm, family. She, alas, now wants to see the world, so we will have to go through the tedious process again.

The point is that the relationship with a nanny is complex. Nowadays it is not the done thing to just hand over your children, with all that that means for their happiness and welfare, to strangers. You *suffer feelings of guilt* because of this and find yourselves in interminable and irresolvable arguments. The hiring of a nanny is far more complicated, time-consuming and wearing than you possibly imagine.

**Stewart Dalby**

SOMEBODY SUPER, like us. That's what we wanted. A child minder with similar views on taking care of a vulnerable, 14-month-old little girl. Not that we thought we were perfect, but we wanted somebody who would combine affection with some direction and stimulation with companionship.

We wanted a minder who was registered with the local council (Haringey, in our case), as this would provide some external back-up and monitoring. Registration means that a council official will have visited the minder's home at the outset and about every six months after that. It isn't a complete safeguard but it is still a small reassurance that a registered minder may not look after more than three children under the age of five (including her own).

Cost was our main reason for choosing a minder. At an average of £40 per child per week, it is about the only affordable system for people working on low salaries. We also liked the idea of a family environment where there would be other children.

Like everyone else seeking care with a minder, our minimum requirement was a responsible and experienced person who interacted with children. There were lots of ideal (and idealistic) conditions on top — like a non-smoking environment and limits on the consumption of sweets and crisps.

Yet for all our determination to cross-question prospective minders, we found it difficult to do so in practice. We didn't feel we could specify conditions under which the child minder would operate. With a minder, you pay the person to include your child into their world; you cannot expect to change that world. To intrude too much into a child minder's life by running through one's checklist is to infringe the basic terms of the relationship.

Yet it is still possible to make a reasonable *assessment* from visiting, viewing and elementary probing. Does she have her own children, how long has she been child minding, does she take them to parks or toddlers' play groups?

Then it is the minder's turn to lay out her conditions about hours, holidays and cost. Some minders wanted us to prepare food and bring it along, others took it for granted that their charge would eat with them.

Our choice was influenced as much by what we saw as what was said. We ruled out one because the minder didn't seem to like children. Another was scrapped because the television blared continuously during our reconnaissance.

*As our search continued, it* became clear that lofty hopes are inappropriate. To compromise with the real world or give up the quest altogether are the only options.

*We settled with a nutrition*-conscious, friendly young Jamaican woman with three lively and clearly well-loved boys. Two went to school and she also looked after a five-month-old baby. Susan was very accommodating, easy if we arrived late. Travelling to her home, commuting to work and then returning to fetch our daughter Vanessa meant that Susan had her from 8.30 am to 6.00 pm. We found it upsetting to hand her over each morning, but as our daughter became familiar with her new "family," the cloudbursts on separation were more routine than substantial.

Child minders organise their own lives, and outsiders have to fit in. When Susan decided to escort her children to a school on the other side of London, our daughter sometimes went with her. More often she was dumped with a less-than-enthusiastic child minder neighbour.

Ultimately secure and happy in Susan's care, our daughter had to start coping with a new minder when we moved. Kate, the new minder chosen out of only two options, was a young Irish woman. Her five children seemed to be pleasant products of her parenting, and her shopping and school-ferrying routines meant that the children were taken outside often.

While appreciating the income, Kate only wanted a child suitable for playing with her own toddler daughter. She gave the girls equal treatment and they played well together. The arrangement worked smoothly, but somebody had to take leave when her daughter got chicken pox and when the family took a holiday.

We realised after a time that Kate came with an extended family and our daughter would occasionally — and unpredictably — be looked after by several of her sisters.

Vanessa: no trouble for a child minder

Once I arrived late and found Kate dressed-up and *fuming* about the delay. An added incentive to make up for their understandable annoyance was the fear that some of the resentment might be directed at our child.

Toilet-training at Kate's was a difficult experience for our daughter, who — we later deduced — was once banished to a bedroom in punishment for her slow progress. A year later, she still has a fear about being in a room with the door closed. Apart from this incident she seemed to enjoy her days at Kate's home, so much so that we feared — irrationally — that she felt more a part of their family than our own. As an initially rather shy girl, her experience of this large, friendly family transformed her into a sociable, confident little being.

Today, our daughter and her new sister are being cared for by their mother, who has taken a year off work but who is keen to take up her career again. So the question of finding another minder looms and this time there will be more complications. We will need someone willing to fetch our daughter from nursery school in the mornings, and also be prepared to attend to a demanding infant. We have not really begun the difficult search, but as seasoned users of the child minder system, we are confident that a suitable arrangement will emerge.

**Guy Gough**

The maternity nurse who became a family friend . . . Joy Swan with baby Patrick Farmbrough

LIKE A proud mother duck, I stepped out of *the hospital, clutching* my five-day-old sleeping bundle, and drove home in the *sunshine across* Richmond Park, feeling as if I were on cloud 15. By the time we were home, the sleeping bundle was screaming and I was petrified by the prospect of coping at home with a new-born baby.

Fortunately, my mother had announced some months before that she would pay for a maternity nurse to look after me and the baby. Her motive was less altruistic than a complete aversion to getting up during the night, even for her first grandchild.

Within seconds of arriving home, armed with a cup of tea and a placid baby once more, I knew I had done the Right Thing. To leave the cosseted world of the hospital with one's first baby is an alarming experience. The relief of having someone else there was enormous.

Essentially, a maternity nurse looks after all the needs of the new-born baby, and helps the mother to look after it, even at night, usually working a six-day week.

However, the issue of help in the home is a grey area. As Elizabeth Grandy of Nightingale Nannies says: "A maternity nurse is being paid quite a lot of money to help mum — and if mum's exhausted, then *she should* empty the dishwasher." It seems to be up to the mother to say what she wants in advance.

We were lucky. Our nurse took the line that as her job was to look after the baby's wellbeing, this included its only source of food — the mother. She shopped, helped cook for herself and us, often washed up and tidied the kitchen and bedrooms.

There seem to be two kinds of maternity nurses. "The old school tend to be more dogmatic with their views as far as organisation is concerned, and keener on feeding schedules," says Elizabeth Grandy. "Others are very pro breast-feeding and won't give the baby a bottle. A lot of mothers prefer the younger ones, who may be less intimidating."

How does one find these treasures? Now for the bad news. The hunt for a nurse *should be accompanied* by a warning that the process may lead to higher blood pressure.

I registered with *a number of* agencies, selected from The Lady and from friends' recommendations. I discovered immediately that I had already made a serious mistake: I had waited until I was three-and-a half months pregnant. "May is a popular time for babies. You should have registered earlier. We've nothing left," said the first agency.

Some agencies, including Regency Nannies (01 589-1591), Kensington Nannies (01 937-3299 ) and Nightingale (04427-71604) were polite and helpful, but the majority were fairly depressing about my prospects. The worst treatment came from Kensington & Chelsea nannies, run by a rather abrupt man called Harri, whom my mother also found at the end of the telephone when she rang another agency called the Baby Company. Harri eventually sent a girl to see me early in 1988, but I decided not to offer her a job. He rang me later and asked why.

He then told me that I would have to pay the agency's full placing fee — about £160-£200 — in advance if I wanted to continue to use the agency. If it failed to send anyone for interview, I would have the money back when I stopped looking. I asked what would happen to my fee if I rejected someone else. Harri replied: "All our girls are screened very carefully and we would not take them on if we thought they are were unsuitable." If the agency felt I was being "unreasonable" they would have to "look into the issue" to decide. I had paid both Kensington & Chelsea and the Baby Company a registration fee of £5.

Over the next three months, my husband and I interviewed three more girls, two of whom we rejected and one who we lost because we waited too long to offer her a job (six days). In the event, Regency Nannies came up with an excellent girl a few weeks before Patrick was born.

*As I discovered, it* is a seller's market. Eileen Wright, principal of Regency, says that her agency receives about 100 inquires and places about 10 nurses a week.

Not *surprisingly*, maternity nurses are not cheap. In addition to agency fees — £40 a week on average *for placement* — there is the nurse's salary, usually paid in cash, her food, heating, telephone bills and so on. The cheapest option, more suitable for a second-time mother, is a college leaver for about £160 a week. An experienced maternity nurse will ask for at least £180, more for twins, while an SRN will expect at least £200 a week. Some private health insurance schemes will cover the nurse's wages in cases of medical need.

Although I was looking forward to having the baby to myself, I felt sad when the nurse left after four weeks. It was the best present my mother could have given me. However, the most enduring legacy of our nurse was teaching my husband how to change a nappy . . .

**Heather Farmbrough**

AFTER bedtime stories and the ritual kiss on the nose, the question is always the same: "Who is getting me up in the morning, daddy/mummy?"

*My wife, Liz*, and I have been taking it in turns to do the getting up, and just about everything else that children involve, since Phoebe was a few months old. Ever since she has been able to talk she has wanted to try to keep track of the alternating parents. At 5¾, she is just getting the hang of it. She doesn't seem to mind which parent she gets; she just likes to know.

Our alternating mornings are necessary because we both work late hours. Getting home at midnight and then up again at crack of dawn can be tough. But the rest of our system is more a question of principle: why should one parent do more work than the other?

Phoebe has a little brother now, Peter, aged two. They are products, you might say, of an egalitarian regime. Liz and I work part time, two days a week each, so that one of us is at home to look after them. We have been lucky enough to be able to continue our careers without resorting to nannies or child minders.

Changing the nappies and so *on was fine*, but the toddler stage was harder. I felt the need for places to take Phoebe *in the day, but being the only* man in a local toddler group can be a delicate business. But we were determined to find friends for Phoebe, and some of those early contacts have lasted.

In retrospect, the difficult period was brief. When she started play group at 2½, it was a big help, and by 3½ she was at nursery school. Inner city boroughs have their benefits when it comes to child-care provision.

By the time Peter arrived we felt we had cracked it. He had a difficult birth and Liz had to spend a month in hospital, but the hospital staff gave us the impression Phoebe coped well compared with some of the other temporarily motherless children in the wards.

There have been moments when we have felt we were not quite taken seriously by the full-time parents (otherwise known as mothers), while being a part-time worker can diminish your status in the office, too. Neither has been a major problem.

As for money, two half-salaries are a lot less than two full ones, but we seem to have managed. In some ways, it's hard to spend money with small children around — there never seems to be time for those expensive shopping trips. Perhaps if we had been sharing the salary of a teacher life would have been harder.

Liz Houghton and Alex Skorecki with Phoebe (five) and Peter (two) in their Newington Green home

But perhaps one of the biggest joys of our method is that we both see plenty of the children. Sometimes it can seem a dubious privilege, when Peter is wailing and Phoebe is tired after school. But as a father I would find it hard now to be on the scene only at weekends, and Liz feels the same. Having a job you enjoy is one thing, but being at home has its attractions, too.

Our egalitarian regime extends further than the home because we share one job, having previously been full time on the FT. I suppose our children will grow up thinking that there are lots of parents like us. I suspect that there aren't.

We did try a nanny for nine months. Liz went back to work when Phoebe was six months old and Isabel moved into the top floor of our house. She dealt with those four afternoons a week when we were both at work, and very efficient and reliable she was. But nothing is good enough for perfectionist parents, so we started scheming about how to manage without her.

That was when we heard about plans to introduce job-sharing at work, and we put ourselves forward. Fortunately, the scheme has worked; there are now three other pairs of sharers, although none are doing it for quite the same reasons.

My early experiences as an involved father were mixed.

I think because Liz and I first met while doing the same job we have continued to want to be equals as workers and parents. It's an addiction, but one that we like. The children don't seem to mind it either.

In a few months, when Peter starts to talk, I dare say one of *his* first questions will be: "Who's getting us up tomorrow?" I suppose it will probably be my turn.

**Alex Skorecki**

# The Habitat baby comes of age

**You might think that a young couple furnishing their first home these days had it made — what with Habitat, the mass-market chains, the pre-packaged design looks, the host of manufacturers who claim to cater for their needs. But if you have limited funds and decided views of your own it isn't as easy as it looks. Emma Crichton-Miller, newly married, just furnishing her first home, takes a very personal look at what is on offer.**

Emma Crichton-Miller at the oak table (£221 from Bonham's).

IN OCTOBER 1987 our offer on a flat was accepted. All we had between us, in the way of furniture, was one Edwardian smoking chair my husband had bought in his first year as a student, and one bentwood kitchen chair my ex-landlady had given me. We had some four months (which later grew to six) in which to put together what we needed so we were not pressed to buy everything at once. Nonetheless it was daunting. How on earth were we going to furnish it?

We were buying the garden flat of an 1880s Hackney terraced villa which had been almost completely gutted and redesigned by the young architect from whom we bought it. The kitchen and bathroom were already fitted, cleanly and efficiently, in white. The three other rooms were painted white, the only "features" a restored Victorian fire-place in what became the dining-room, shutters in the bedroom, and the original bannister. Through part of the flat there was the ash floor which had attracted us in the first place.

Our limitations were money and space. Each purchase, even of small items like stools, bowls, or letter-trays, had to be right, because we had neither the money nor the room to accommodate mistakes. Those we did make, through early ignorance or impulse, stare at us still. What came first in the use of both were food and books. We wanted a large dining-room table to make it possible to have long, lingering meals with a fair number of people. And somehow we needed to make room for some of the thousands of books which had been lining the walls, and filling the spare rooms, of our parents' houses.

But it was really our prejudices which decided how we would go about furnishing the flat. We knew that we disliked fitted cupboards, carpets, decorativeness for its own sake, and the prepackaged design looks on offer from the large specialist retailers. We were sick of pine. We had also grown extremely weary, in our tramps around flats, of the clichés of modern urban living uplighters, black leather and chrome, geometric self-consciousness.

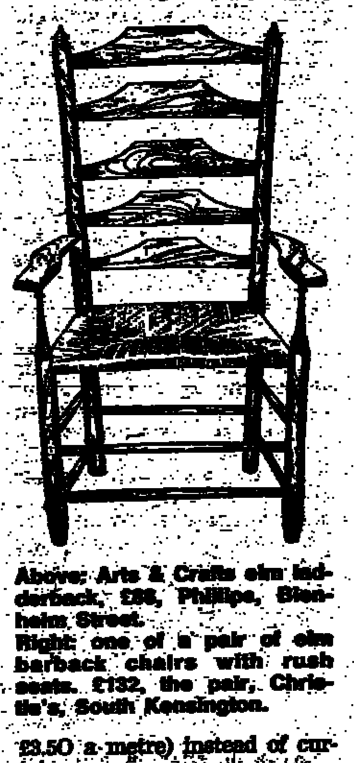
We disliked just as intensely the coy imitations of other people's lives offered by the "country-house" look. Our flat is neither an aggressively urban penthouse, nor a remote country cottage, and we had no wish to bring in furniture that was going to tell its own story at our expense.

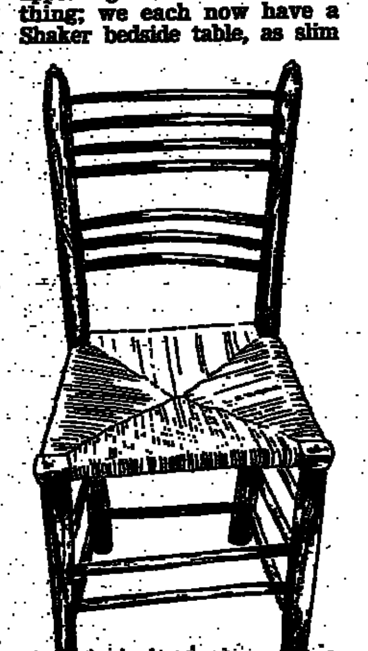
Prodded into action by the need to reconcile all these requirements, we set out for the shops, clutching the Time Out Guide to Shopping in London, and guided, perhaps above all, by repeated reading of Terence Conran's New House Book. I had been a Habitat child, brought up on the principles of good basic design, of clever primary-colour solutions to the problems of matching space, cash, and visual appeal. Leafing through the New House Book, we were reminded of other principles which just couldn't be answered by Habitat.

The rooms we fell for were always bare and light, the furniture solid and well-used, unselfconsciously well-adapted to its use. What decoration there was came from the wood of the furniture itself, from vases and bowls, flowers and fruit, or from paintings and books.

The fact that the rooms we most admired were in old farmhouses in the South of France didn't worry us too much — the principles seemed universal.

We kept the white-painted walls throughout, and have replaced the up-lighters with halogen lighting to do our best against London's constant grey. The flat is very warm, so we felt we could indulge the Mediterranean dream further with long loose lengths of white cotton material (The Conran Shop, Indian Khadi, £3.50 a metre) instead of curtains.





Above: Arts & Crafts elm ladderback, £80, Phillips, Blenheim Street.
Right: one of a pair of elm barback chairs with rush seats, £120 the pair, Christie's, South Kensington.

Finally, we put up shelves. Above the kitchen sink we put five ash shelves. They were so beautiful to look at that we felt rather bad covering them so quickly with jars, plates, glasses and cookery books. In the dining-room we put up ash bookshelves in one of the two alcoves, and upstairs we filled in both alcoves with pine bookshelves, and felt no guilt whatsoever in immediately filling them.

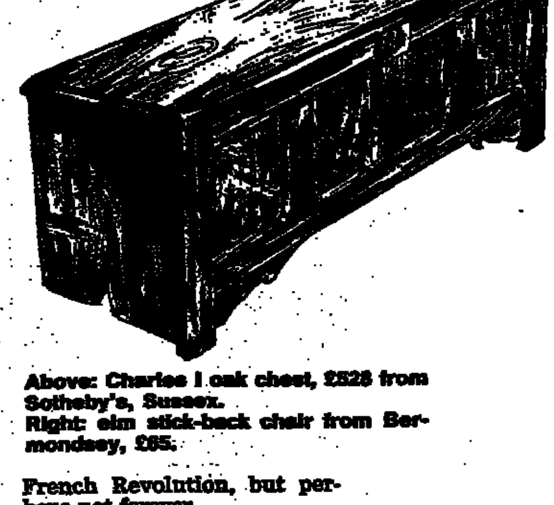
All we now needed were tables, chairs, a bed, chests of drawers, a work table, a kitchen table, some way of storing blankets and linen. We headed for the shops. What we found in Habitat, Marks and Spencer, and even in Heals, were tables and chairs that, if they were not veneered, looked flimsy and reconstituted, of anaemic colouring, or else thickly varnished, with no feeling for the texture and thickness of wood.

Even in the expensive items of furniture, the designs seemed either hopelessly imitative of a look, rather than of a way of making. It did not seem possible that you would have to pay, for instance, £639.00, for a Rippon dining table at Heals (196 Tottenham Court Road, London W1) which for all its natural oak finish still had the prim design of much cheaper tables.

At Davies (10 Great Newport Street, London WC2) and The Conran Shop (81 Fulham Road, London SW3) we found furniture which matched their avowed principles of solid construction and simple design. Unfortunately the prices were prohibitive. We visited these shops frequently, just to give ourselves hope and ideas, but rarely came away with anything substantial.

One particular inspiration was the great Nicholson table made of solid bleached oak with traditional draw-pegged construction. This was exactly what we were after — but it costs £2,375! Another was the cherrywood console table, at Davies (£395), which is extremely beautiful but unfortunately it was not quite the right size to answer any of our problems, and the matching dining table, at £695, is veneered and much less attractive. These two shops make a positive virtue of skilful and witty imitation. The Shaker Cherrywood furniture in The Conran Shop is an instantly appealing version of the real thing; we each now have a Shaker bedside table, as slim and elegant as you like. Unfortunately they are not very well made. This doesn't matter too much for bedside tables — they get little hard wear — but I understand that some dining room chairs have actually fallen to pieces.

The Davies range of wrought-iron sofas, tables and chairs, is spectacular, and if we had had more rooms, or another house, to furnish, and a great deal more money, we might have bought a sofa (£1,350), or a dining table (£850) and chairs (£265, carvers £295). You would have to be prepared, however, to live up to their neo-classical mood, fine in the bicentennial of the French Revolution, but perhaps not forever.



Illustrations: James Ferguson

Above: Charles I oak chest, £528 from Sotheby's, Sussex.
Right: elm stick-back chair from Bermondsey, £65.

One strange obsession shared by these shops is the "distressed" look for modern furniture. Marks and Spencer and Heals both have a range of limed pine furniture, and Davies a range of limed oak. The Davies table is extremely expensive — £1,280 — and the Marks and Spencer chests of drawers comparatively so (three-drawer, £275; five-drawer, £325), as if we somehow ascribe value to furniture that has been rescued, even before it has been lost. If we are prepared to pay to have new furniture made to look old, why don't we search out the real thing?

It was after experiences like these that we started going to antiques auctions. We began in a modest but determined way, visiting weekly Bonham's New Chelsea Galleries in Lots Road, the Lots Road Chelsea Auction Galleries, and Phillips West 2 in Salem Road, Bayswater. Bonham's and Phillips auction off here the goods they don't feel are classy enough for their West End showrooms, and you have to be prepared to look over a lot of rubbish. However, it was at these three houses that we made our first buys, and here that we first discovered that you really could find antique furniture made from the materials and in the unassuming styles that we preferred, for far less than the best modern furniture in the shops.

We eventually ventured a bid for an elm blanket-box at Lots Road (£80), and then bought a 19th century elm and beech stick-back arm chair at Phillips West 2 (£72). It was at Bonham's that we scored our first major coup. We saw a long oak table, dry and splintery from neglect, with four turned legs at the corners. It looked as if it had done good service in a Victorian school or pub, and was pretty scruffy, with a strange reddish varnish along the sides. It had none of the immediate allure of antique refectory tables. However, it was the right length — 8ft — and after a few days work with varnish remover, wood-reviver, and wax polishes, it revealed to us six planks of beautifully marked oak. It cost £210 and we have eaten off it, worked at it, and argued across it ever since. It is the main feature of the dining/sitting room and has made for us the decision not to have large upholstered armchairs; we feel this is no loss.

Slowly we learned more about English provincial furniture, particularly about oak furniture, which we could now date fairly accurately. My husband began his obsessive relationship with The Antiques Trade Gazette, learning how to outwit and forestall the dealers, who are out to outwit you. We extended the weekly run-around to Christie's South Kensington, to Bonham's Montpelier Galleries in Knightsbridge, and to Phillips near Bond Street. We discovered that you could sometimes get a nice piece of provincial furniture more cheaply at these smarter galleries because moneyed interest would focus on the mahogany, or ornate French, furniture.

At Christie's, for instance, we bought a lovely pair of bar-back elm rushed chairs for £120, and at Phillips, Blenheim Street, we have bought a George III oak chest of drawers (in poor condition, but reparable with a little skill) for £130, and an Arts and Crafts elm ladder-back arm chair for £80. Two elm country chairs, a little wobbly, but otherwise sound, cost just £50 at Bonham's, Chelsea.

After this we grew more adventurous. We got up at 5.00 am one Friday morning to go to Bermondsey Market, where we bought a more graceful earlier, elm stick-back arm chair for £65 to match the one we had bought at Phillips. The combined excitements of haggling for the chair in the half-light, wondering how it would look when we got it home, and a magnificent icy sunrise, have sealed the romance of this market for us.

18th century elm ladderback with withered arm, £50 from Clare, Suffolk.

We started to move further afield. A country auction in Clare, Suffolk, turned up among the mingled antiques and bric-a-brac a lovely 18th century ladder-back, with a strange ancient repair to a withered arm. It has great personality and charm, and gets on well with its Arts and Crafts descendent. We have become adept at skilful combinations of holidays with visits to antique shops. We have also taken the odd Saturday morning to drive down to Sotheby's in Sussex for their Oak sales. Here, by leaving a bid with one of the porters, we bought our smartest pieces of furniture; a Charles I oak coffer (£480) and a George I oak cricket table (£240). If there is nothing at the sale, you can always drive on to Petworth, where the sheer number of antique shops keeps the prices reasonable.

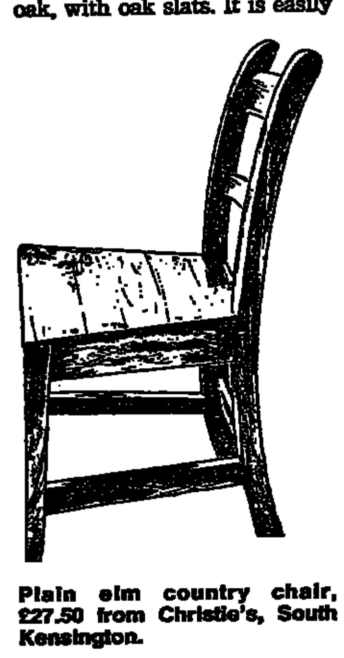
We could not get everything second-hand. Our TV set and its table are resolutely modern; our lights and a filing cabinet, as efficient and sleek as we could find. We also fell in love with the 'Tan Tenne chair in The Conran Shop, with its elegant black wire frame and leather seat and back. Since we had so small a space in the upstairs room we needed to get a sofa-bed, to make the room double as a sitting-room and a spare bedroom. The Georgians were not too hot at these. We also wanted to get a good firm double bed which would last our life-times, and protect our backs; picturesque antique iron-work ones either seemed dangerously uncomfortable or else squeaked and rattled at the slightest move. Once again we were driven into the shops.

We bought a Conran Tarragon sofa-bed (£885), which we covered in 10 metres of cream Alicante Angles fabric (£10.50 a metre). This was a bit of an extravagance — we had chosen it among the thousands we had seen for its simple, solid shape, and for its compactness. It proved an organisational nightmare to move into the flat. Once we got it in place, the handle to pull out the bed fell off. But so far the reports of guests who have slept on it are good.

When it came to our own bed, we did not like any we could see in the shops, from the imitation antique brass bedsteads, to the variously head-boarded divans. Too many seemed designed to fit into precisely the globally orchestrated bedroom we abhorred.

Some of the hand-made beds at Heals are clearly of exceptional quality, but were either too low — the Sen Ash (£581 without slats or mattress) — or too expensive (The Finest Bed, £4,121; The Kilcaire Classic, £1,895; the Ravenna beds, between £1,500 and £2,000).

Nothing was quite what we wanted. We decided instead to approach some private craftsmen advertising in Time Out. Finally we sat down with Christian Holt (tel:01-542-7610 home, 01-326-4675), a young cabinet-maker, and designed with him, on the back of an envelope, a vague approximation to our Platonic bed. It took him three weeks to make, and it is made entirely in English oak, with oak slats. It is easily taken to pieces because there are no nails, and it cost us about £1,000 (with the mattress). We will always be grateful to Christian for this bed, although, at 6ft by 6ft 6ins, it is like having a tall child; all its clothes seem to cost twice what they cost for other beds.



Plain elm country chair, £27.50 from Christie's, South Kensington.

Inevitably, all we have learned about how we like to live, and how best to find the furniture and furnishings to suit us, has been learned through trial and error. We have made mistakes, which are top of the list for replacement if we ever find something better. At the same time, by buying at auction we have been forced to think hard about whether we really wanted something, and for how much — there is nothing like the imminent signing of a cheque and the rising price in a sale-room to sharpen your perception of value.

Buying in this piecemeal way also curiously enhances rather than detracts from the unified feeling of the flat. Each item has caused us such a turmoil of consideration that it really reflects our shared tastes, and finds itself at home in the eclectic zoo. What we most regret are things we haven't bought — through lack of nerve, through inefficiency, through failing to leave a conclusive bid when we could not get to an auction. Most of the time we only realise how fine or attractive a piece is after we have had it a while, and have got to know it. Each chair or chest or table reveals its secrets slowly, and this is part of the pleasure.

P.S. Viewing and sale times of the auction houses can be checked in The Antiques Trade Gazette. Many are open for viewing on Saturdays and Sundays and sometimes late evening. Bermondsey Antique Market at the corner of Long Lane and Bermondsey Street, London SE1, is on Fridays from 7.00am - 2.00pm (but try to get there a bit earlier to catch the best stuff). Bear in mind all auction prices are subject to a 10 per cent premium.



Food for Thought

# Hate the soup, love the video

WERE YOU encouraged to cook by a TV series? Was Keith Floyd your inspiration? Or Claudia Roden? Or the Roux brothers? Or Delia Smith? If you are happier with the box than with books, you can now obtain videos which will tell you all you need to know.

I have been watching some of the current crop of cooking videos. Most of them are based on BBC series and while they still maintain a little bit of local colour — the sun setting behind the grand mosque at Istanbul and so on — they concentrate mainly on the cookery instructions.

They feature the same pictures that you have seen in the TV series, but when the titles roll, after each section, instead of telling you the names of the hairdresser and the second unit director, they speak of "4oz chopped parsley, six large eggs, a pint of fresh cream" — and in the case of one of Claudia Roden's Mediterranean series, "Two conger eel." That's about half a ton, Claudia; but that's what it said.

There are also two Madhur Jaffrey courses on video and one on Sarah Brown's vegetarian kitchen. Of course, video gives you the facility to re-run the bits you want to concentrate on and fast-forward through the local colour.

If you didn't really see how fine the green pepper should be cut or how well cooked it needs to look before you throw in the tomatoes, then to and fro you can go, getting it absolutely right.

But do you have a TV and video in the kitchen? If not, I can't quite understand why you should want to learn from a video rather than from a handy book. Practical, hands-on demonstration, perhaps? Friendly reassurance? So you are persuaded to make spiced chick peas (Sarah Brown) or lemony chicken with fresh coriander (Madhur Jaffrey). Fine, and you can freeze-frame on the ingredient list, but do you really then need to see how these things looked before cooking? Did you cut them up small enough? Enough yoghurt?

Honestly, you must be rather unsure of yourself if you can't get by without seeing how it's meant to look. Of course you can, but videos are more fun, more immediate, aren't they? Yes, they are, but they are also a lot more difficult to consult when cooking time comes round. If you want to know, saucepan in hand, how to cook Turkish Bademli Muhallebi, then you have got to find where it is on a 90-minute video tape.

The cover will tell you it is item six out of 12, but there will still be quite a lot of button-punching to do and you will have to read the ingredients before you rewind for the method!

Of course, the BBC does not have a monopoly in this field. I have been looking at a Virgin video-book of the Good Food Cookbook, presented by Prue Leith, and this is a different kettle of monkfish altogether. In some ways it seems to be trying to cram everything you could ever need to know about buying and cooking food into one 90-minute video. There is some evidence of rather ruthless tape editing and the tape comes in a slip cover in which there is a set of recipe cards to save you having to go back to the video to remind yourself of a quantity or an oven setting.

Also mentioned briefly on the slip-cover is a list of sponsors. The only points when I really felt the sponsors' hands were the occasional suggestions that the "Food from Britain" logo is some guarantee of quality, and an odd moment when Prue Leith seized a cloth and wiped the cooker-top in the middle of a recipe. I saw New World getting value for money there.

If I were awarding prizes to marketing syndicates I would have to give best marks to Virgin for its massive, and finally unsatisfying, compilation. For, make no mistake, this is a video to learn to cook from, rather than to remind you of the TV programme you once liked.

It is very nice to see Prue Leith telling you some practical things about the kitchen and how things work,

rather than spinning a web about the old markets of Anatolia and how to recapture their spirit in your pans. In the end Prue Leith's video taught me four new good things: first, how to make chipolatas out of ordinary sausages by twisting in the middle and cutting through; second, how to work the flour into the egg-yolk when making a batter; third, to my surprise, how to cut up a chicken, a skill I thought I knew well enough after all these years, but she sharpened me up a bit. And fourth, a thing about barbecues: stop moving things around all the time she said, and she's right.

When I talked to BBC video executives about all this they confirmed that their cookery videos are designed not as instructional tools but as pleasant reminders of popular series. The video of Madhur Jaffrey's new series "Far Eastern Cookery" is going to be provided with wipe-clean cookery cards.

However, they argue, while many people have a TV set in the kitchen, nobody has a video there and, even if they did, they wouldn't want to get greasy finger marks all over the buttons. So these cookery videos are, we must suppose, part of the gift market rather than a new cooking aid.

Keith Floyd has also made some extraordinary audio-cassettes, one on fish, one on meat and one on birds, in Pickwick's Cook-a-long series. They come mounted on a card with a big compilation of recipe cards. So if you want to listen to Keith Floyd singing (really!) while you cook, now's your chance.

*Peter Lewis*

ARTS

# Nymphs on Merseyside

***Deanna Petherbridge** visits the redesigned Walker sculpture gallery*

SCULPTURE IS revived, restored and expanding on Merseyside. Following the establishment of the Tate of the North, primarily to house the Tate's sculptural holdings, Liverpool's National Museums have come up with plans to optimise their considerable historical collections. A small guide, *Sculpture on Merseyside*, published jointly with the Tate, highlights important works in galleries and in the city streets, though unfortunately, the Liverpool Tate's quirky Pentagram-designed format ensures that only the front half of equestrian statues fit and the maps leave something to be desired.

More importantly, the Walker Art Gallery has undertaken a most successful redesign of its sculpture gallery, with financial assistance from Sir Maxwell Enthwistle and the Henry Moore Foundation. The gallery was opened by Richard Luce, Minister for the Arts on December 15; the designer was Charles Ryder Ltd, an American museum design consultancy now based in Britain.

Ryder, originally a staff designer with the Metropolitan Museum is tuned to the importance of conservation and security issues in museum design, and has carried out installations in Fine Art museums in the States, Europe and the Middle East.

18th and 19th century European sculpture doesn't sound like much of a buzz event in an age which produces Woodrow's "Twin-tub with Guitar;" or David Mach's "Thinking of England" through multiple bottles of booze (presently exhibited at the Liverpool Tate.) But Woodrow, Mach, Cragg *et al* project such a shrill visual insistence as to defy any design intervention.

Marble figurative sculpture on plinths on the other hand, is just made to be part of a grand classical conception, and Charles Ryder's design is both well researched historically and fresh enough in conception to revitalise the pieces in the Walker's collection, which range from the high period of neo-classicism (Thorvaldsen and followers) to British "New Sculpture" before the First World War.

Trevor Humphries

The Walker collection of 18th and 19th century sculpture in its new gallery, with "The Tinted Venus" in her rotunda, centre

Unlike the restoration of Barry's Manchester City Art Gallery under Timothy Clifford in the late 1970's, which started the trend for historically respectful intervention, Ryder has not attempted total truth to period in terms of colours, textures and arrangement. The architect Edmund Kirby has reclaimed the original 1870's gallery with its natural lighting, and restored damaged or missing mouldings and skirtings which were "vandalised in the 1950's," according to Edward Morris, the curator responsible for the project.

Within this framework, Ryder has come up with a generalised neo-classical design, consistent with the crowded display norms of the 1850's, but painted throughout in a discreet grey which serves to unify the hodge-podge of diverse sculptural styles, the plinths and built-in elements.

The effect is anything but austere; in fact it is slightly theatrical, and an excellent foil for the varied sculptural materials. Detailing is classical in spirit but not pedantic, or fictitiously post-modern. Unfortunately the Erco lighting system defies integration into the design.

The core of the Walker's collection are Henry Blundell's antique marbles, and neo-classical works and casts from the Liverpool Royal Institution. Henry Blundell of Ince was inspired to collect by neighbouring landowner, Charles Townley, whose famous collection is in the British Museum, and whose library, in Zoffany's celebrated painting of 1783, shows a wonderful jumble of domesticated classical statuary. Nymphs and satyrs, who are carefully disciplined in rural grottoes, loggias and orangeries, evidently run to hectic urban disorder when transplanted to town.

Crowded sculpture displays were a feature of the 18th and 19th centuries, and have been revived in this gallery, as much out of a desire for authenticity as for the very good reason, according to Edward Morris, that not many of the works are of superb quality.

Behind the bustle is a basic formality, with the classical "marbles" and other small works contained in theatrical display cases at the entrance to the gallery, busts organised on elaborately bracketed shelves, reliefs and tondos on the sidewalls, the plaster casts of the Elgin marbles high above the picture rail and free-standing sculpture dispersed in concentric semi-circles in the centre.

The works are more or less grouped chronologically, and with some wit in their disposition. In one corner against a window, a gentlemanly bust of 1865 by Giovanni Fontana (commissioned by 19th century patron Joseph Mayer to make portraits of his circle) looks down the bosom of a society lady "Atheniene" by Henry Weigele, first shown at the Liverpool Autumn exhibition in 1906.

Rhetoric takes to the outer circle, with Edward Onslow Ford's 1890 bronze "Peace" brandishing a big-enough palm frond to bring on the cafe violins, next to Conrad Dressler's "Lupercalia," *fanning* it with a whip. In the inner semi-circle, around a circular temple, are the wonderfully simpering works of John Gibson and his school, all winged and curled in glacial white marble.

The museum has been acquiring Gibsons over the years, but the goddess in the temple, "The Tinted Venus," has gone on display for the first time. She is ivory tinted, with coloured features and a golden apple in her hand; an attempt to revive ancient Greek polychromy. She was *commissioned* in 1851 by Robert Preston of Liverpool, and exhibited at the London International Exhibition of 1862 where she aroused much controversy. In one of her incarnations, she was housed in a temple, and although this top-lit rotonda is a little smaller, it is used very cleverly by Charles Ryder to give a central focus to the whole design.

An effective part of the rehabilitation of the sculpture galleries is the display of the plaster casts of the Elgin and Bassae marbles, in storage for over 70 years, but originally at the Liverpool Royal Institution and a resource for Liverpool's sculptors, including Gibson. They serve to create the meaningful context in which art was traditionally created, and underpin the Walker's aspiration that Liverpool will become a centre for the study of 18th and 19th century sculpture.

Already students are earnestly engaged in "drawing from the antique," just to strengthen the feeling of a long *déjà vu*. Unfortunately, for a study collection, the otherwise excellent labelling omits information about material and sculptural method.

Julian Treuherz, formerly Senior Keeper at Manchester City Art Gallery, has recently been appointed Keeper of Art Galleries on Merseyside. One hopes he will be inspired by this excellent redesign venture to start tackling some of the excruciating ceiling and lighting problems of the rest of the Walker Art Gallery.

Video

# Fists raised against fate

OUR THEME for the month is "Humanity raging against Fate." One moon into 1989, February finally releases us from the peace-and-good-will season. At last we can drop our New Year smiles, change our Yuletide slippers for marching-boots and get out into the real world.

Looming large among the new videos are two Czech lovers shaking a fist at the 1968 Russian invasion (*The Unbearable Lightness of Being*, CBS/Fox) and the spirit of liberty raising a fist in South Africa (*Cry Freedom*, CIC). And for comic relief we go to America. In James L. Brooks's *Broadcast News* (CBS/Fox) three young television whiz-persons battle not to have the white squeezed out of them by a steamrollering media industry. And in John Hughes's *Planes, Trains And Automobiles* (CIC) two commuters (Steve Martin and John Candy) cope with the comical horrors of a misfiring transport system.

These two US comedies were large-screen hits of 1988. Starring William Hurt and Holly Hunter, Brooks's cautionary tale of TV people has a quick-fire wit we have seldom seen since the days of Howard (*His Girl Friday*) Hawks. And in John Hughes's film, you will giggle happily at Martin and Candy as they fail, one snowy Thanksgiving, to make the "simple" trip from New York to home. The film turns that well-known taunty phrase "We regret to announce" into the text for an American apocalypse, complete with transports of hilarity.

If you prefer weightier forms of transport, you could pound across the Prague Spring in Philip Kaufman's juggernaut-size film (2½ hours) of Milan Kundera's novel *The Unbearable Lightness Of Being*: that historical-erotical romance full of prankish philosophising. Kaufman skimps the philosophising, but serves the other qualities well.

Meanwhile, Sir Richard "Gandhi" Attenborough continues to fight injustice across the world. If you warm to the cinema of moral improvement, you will warm to *Cry Freedom*, the tale of Steve Biko and the struggle against apartheid.

Ponderousness is never far; but in two sequences at least — the opening raid on a shanty town, the climactic flight of white journalist hero Donald Woods (Kevin Kline) — Attenborough shows that his directing talent is one in which action speaks louder than words.

The cinema of Us against Them, of individuals versus power systems, is as old as celluloid itself. Britain's most enduring contribution was the postwar Ealing comedies. In these, dapper little men like Alec Guinness, aided by less dapper men like Stanley Holloway, bravely stood up and socked it to the System.

Seven Ealing classics newly issued by Warners illustrate the point. Here are the likes of *Passport To Pimlico*, *The Lavender Hill Mob*, *The Titfield Thunderbolt* and *The Lady Killers*. They paint a Britain where quaintness is rampant. Even the murders (of which there are plenty) are quaint. And the Ealing message of rebellion — that it is better to be a spanner in the works than a cog in the machinery — is spelled out not in messianic indignation (à la Attenborough) but in sweet-toothed comedy and sweet-smiled stoicism.

Elsewhere, February's video shopping-basket has the usual range of optional curios. You could join Klaus Kinski and Christopher Plummer for a colourfully barmy Italian horror film, *Vampire In Venice* (Vestron). Liberace fans — stop screaming, please — can savour an obscure bio-pic about the late sequined showperson (*Liberace*, Mogul Video). And should you be doing a doctoral thesis on female wrestling, as I am, there is always *Gelloraund* or *Co-Ed Oil* (Foxy Video).

Finally — saving best till last — a Humanity-against-Fate film to beat them all. *Jean De Florette* (Palace) is Claude Berri's splendid rural melodrama based on Pagnol, full of struggling peasants, eye-raking Provence landscapes and hunchbacked Gérard Depardieu raging at the Heavens. Issued with its companion movie *Manon Des Sources*, this is just the film with which to greet the coming of Spring.

***Nigel Andrews***

Saleroom

# Use the blue chip antique

FURNITURE HAS to be the blue chip antique, combining all the virtues — aesthetic appeal and bankable investment potential (at least at the top of the market); and practical relevance (across the range). Why spend £3,000 on a modern reproduction table and chairs at Harrods, which slumps in value as it crosses the threshold, when you can buy the genuine article at auction for the same price and eat your meals off an appreciating asset?

Indices which treat antiques in investment terms must always be treated with caution, but there is little doubt that the findings published by the Antique Collectors Club last summer suggesting that, across the range, furniture had appreciated twenty times in value over the last two decades (as against a ten times growth for the FT 500 Share Index) are roughly accurate.

A rare object, like an 18th century dining table, which might have cost £100 in 1968, would now be valued at around £5,000, and although other sectors, like oak and the fairly commonplace, and bulky, Victorian items, show a smaller appreciation, furniture in good original condition is highly collectable.

Each year Phillips asks its specialists in every department to give their tip for the fastest appreciating antiques over the next 12 months. Furniture always gets most votes, with Edwardian and Victorian, followed by 19th century provincial, the hottest tips for 1989. Few specialists see as much furniture as Michael Cowley of Phillips, who oversees two weekly sales at head office while many more take place at Phillips other auction rooms. He echoes the old story.

"When I started here 15 years ago a set of six Victorian chairs made between £150 and £200; now they go for between £1,000 and £1,500. A Georgian bureau which might have cost £250 could now sell for £2,000. And in the last five years prices have roared ahead."

While the increasingly rare 18th century mahogany furniture shows the sharpest appreciation the emergence, from New York, of interior decorators taste has given a sudden surge to items like gilded wood, ornate mirrors, and delicate Regency furniture, anything with decoration and style. The trade, especially the dealers, had become dependent on American buying — which has been fickle of late with a strong pound pushing up prices — but an improving home demand, backed by continental, in particular German, buying, has more than made good any trans-Atlantic fall off.

Although some British made antique furniture is being repatriated, especially from the US, there has been a persistent export loss over the years. Inevitably, as good 18th century pieces get rarer, and fetch ever higher prices, popular attention has switched to more homely items and later articles, to Victorian and Edwardian and to good reproduction. Little known designers, like George Bullock, active after the Regency period, suddenly come into favour. The smart money is going on the furniture of the 1815-40 period, with side bets on art nouveau and art deco.

This is still a market dominated by dealers. Graham Childs of Sotheby's reckons that over 70 per cent of buyers at his sales are dealers, virtually all British based. They should be restocking avidly at the first major auction of the year at Sotheby's next Friday. Key lots include a Regency maghogany breakfront library bookcase, made to a design used by Thomas Chippendale the Younger at Stourhead, which carries a £30,000 top estimate. Bookcases are enjoying a revival, and this one, (7ft 7ins by 6ft 3ins), is not too cumbersome.

There should also be brisk bidding, perhaps from companies, for a George II mahogany double sided library desk (top estimate £50,000) which would grace a chairman's office, and for an early Victorian circular table with a marble top: this is just the kind of decorative piece that is currently very popular. Bargains can be found among less practical furniture, such as Regency day beds, or Queen Anne coffers, the early and uncomfortable or the late and uncomfortable. And among beds, which often require expensive re-conditioning: a George III four poster carries a top estimate of only £5,000.

William Lorrimer at Christie's sounds a mild note of caution — if house prices fall and fewer people move home demand for furniture could tail off. But some cooling down might be welcome after the substantial price rises of 1988. Christie's was even recording a revived interest in oak, which had been in the doldrums following a boom in the 1970s, by the end of the year. At the Ashby St Ledgers house sale in late November it offered a large collection of oak which did amazingly well. Among the items sold were a 1678 oak armchair which realised just over £8,000, three time its estimate. In 1976 Christie's sold the same chair for £700.

At Christie's first major auction on February 23rd there are intriguing items, like the spinning wheel, made of beech and fruit wood, used by Queen Charlotte, wife of George III (top estimate £2,500); and popular items, like the very masculine, William IV library armchair, modestly estimated at £3,000; to the historic, sofas and bookcases, surplus to the needs of the Duke of Bedford at Woburn and expected to go cheaply because of their poor condition.

And just to show that, like the Victorians, we are beginning to lose our fear of a good copy, a mahogany bureau cabinet, made a century ago but to a Thomas Chippendale design, is estimated at up to £8,000. Very recently the top salerooms would have passed over such repro furniture, despite its obvious quality.

Private buyers are infiltrating the salerooms where they can pick up fine items at wholesale prices. Of course dealers will repair and restore in return for their 100 per cent mark up but anyone with confidence can furnish their homes cheaply and enjoyably by catching the auctioneer's eye.

***Antony Thorncroft***

Radio

# Different Yeats

THE 50th anniversary of the death of W.B.Yeats fell last weekend. The BBC's observation has been, by its usual anniversary standards, comparatively modest. Radio 3 gave us a critical discussion on Yeats's influences, an account of Yeats's search for the best way to speak his poetry (which, alas I didn't hear), the musical settings of Peter Warlock, and, last Sunday, a performance of his verse play, *The Dreaming of the Bones*.

I enjoyed this much more than I expected. A young man seeking refuge after fighting the British at the Dublin Post Office in 1916 encounters the ghosts of Diarmuid and Devorgilla, who, 700 years before, had called in the Normans to help settle their affairs. (The Irish forget nothing, you will say. But in fact Diarmuid, better known as Dermot MacMurrough, was exiled from Ireland for his tyranny, Devorgilla was the kidnapped wife of a rival chief, and "the Normans" were the Anglo-Norman forces of Strongbow, Earl of Pembroke, who began the subjugation of Ireland under Henry II.)

So the young man is confronted by the *suffering* of people who lived through a situation like his own, and hoped for forgiveness — not an everyday factor in Irish politics. The poem has been adapted for radio with music by Henry Dagg. Ian McElhinney played the young man, Denys Hawthorne the First Musician and Jane Cassidy the Second Musician, singing her lines with a wondrous hint of wildness. I thought the production under Eoin O'Callaghan beautiful and important.

So much for Yeats, a recollection marked with apt sensitivity. But wait — on Tuesday afternoon, Radio 4 offers *A Nocturne for Mr Yeats* by Robert Graham. "Mr Yeats is well-known locally for his fine dinner parties," says the Radio Times. Can this be the same Mr Yeats?

No way. This is an insurance salesman who likes to play records while consuming the goodies the artist ate and drank at recording time. Rubinstein's Fauré Nocturnes go with the 1971 Ch. Phélan-Ségur and lobster Thermidor. The neighbours believe there are lovely women at these parties; but when Linda, the record-dealer's daughter, gatecrashes, she finds that Mr Yeats is always alone.

Well, I don't believe that Rubinstein, if he recorded the Nocturnes in 1973, drank a two-year-old claret, especially not with lobster. So I'd never buy a policy from Mr Yeats, and I am on Linda's side, who just drank whatever she wanted and then left to meet her friend Rick. Peter Kavanagh directed.

The Monday play, *My Mother Said* by Charlotte Keatley, was more convincing. The theme is the relationship between mothers and daughters (this is a girls' play), but Miss Keatley has made the successions irregular. Doris, the eldest, never knew a father. Her daughter Margaret had a daughter Jackie, who had an illegitimate daughter Rosie by a fellow art-student. Rosie was handed over to Margaret and brought up to believe that she was her mother and Jackie her sister. During the clearing of Doris's house after her husband's death, Rosie learns the truth. (All those photos and baby clothes.) She turns against Margaret, even more against Jackie, and after Margaret dies too dramatically of cancer, she goes to live with Doris, whom she treats almost like a contemporary.

I couldn't find a useful argument about the way the young live with their elders, for the circumstances are different in each case. Margaret is polite to her mother both as adult and child (the time is elastic); Jackie treats Margaret as any girl art-student would treat her mother, in fiction anyway; and Rosie is a characteristic modern 13-year-old, though a less typical 16-year-old after the crisis. Good playing by Rosemary Leach as Margaret and Sonia Ritter as Rosie; but I thought Susan Hogg's direction affected, with its intrusive children's choruses. Its stage production under Michael Attenborough opens at the Royal Court on February 28.

***B.A. Young***



# Scottish collaboration of artists and weavers

***Susan Moore** on the Dovecot Studios' tapestries currently on show at the Fine Art Society*

HOW AN image on paper or canvas is translated into woollen weft is an intriguing process, requiring formidable interpretative and technical skills. What happens to the image during that process defies explanation. The effect of the right artist meeting the right weaver is a combustion that produces a quite different, vital work of art. Witness the 12 tapestries on show at the Fine Art Society in London, until February 24.

The group has been woven by master weavers at the Dovecot Studios of the Edinburgh Tapestry Company in collaboration with the Scottish artists John Bellany, Elizabeth Blackadder, John Busby, John Houston, William Littlejohn, Alberto Morrocco, Sir Robin Philipson and Derek Roberts. The venture is the latest in a long line of inspired collaborations.

Dovecot Studios were founded in 1912 by the 4th Marquess of Bute to produce tapestries for the Bute family houses. His inspiration and model was William Morris's Merton Abbey tapestry works and from which Lord Bute lured two weavers. After his death, the studios were incorporated and put on a commercial footing. From the late 1940s tapestries were woven to designs by the likes of Wadsworth, Spencer and Sutherland, a tradition of collaborating with artists rather than designers that persisted well after the company was sold. (Designs by Paolozzi, Motherwell, Hockney, Phillips, Louise Nevelson and Frank Stella have been produced over the last two decades.)

Dovecot's resources are unique. Only a handful of studios in the world are capable of producing tapestries of comparable size. More important, no other studio can claim its experience in working with major international artists. It is a two-way process involving hours of discussions, redrafts and samples long before weaving begins; Harry Wright and Fred Mann, two of the six master weavers, have been with the studio for 40 years. The Scottish tapestries mark both the 75th anniversary of the studios, and their regeneration.

The project was partly conceived to develop the weavers' skills in translating complex images and ideas. John Busby's essentially abstract design, based on studies of sections of granite, demanded a carefully structured surface treatment that gave interest and variety but also contained a composition that might easily have fractured.

The perfectly balanced compositions of Derek Roberts are concerned with juxtapositions of colours, and consequent illusions of movement. His design (an oil painting) proved a difficult challenge to the weavers who had to find equivalent colour harmonies (and the right yarns) to achieve the same effect in wool and on a much enlarged scale. Elizabeth Blackadder's irises rely on exquisite gradations of colour.

Sir Robin Philipson's "Humankind" is an extraordinary achievement. The weavers have somehow found the visual language to convey the heat and sounds of the African jungle, and to suggest the dying passion of the two lovers. There are passages of astonishingly boldness — juxtapositions of scarlet, crimson, fuscia and orange — and great lyrical beauty.

The tapestry of Alberto Morrocco's "Still Life, Sunflower & Cactus"

It took three weavers 17 weeks to weave; John Bellany's dazzling "Clapham Concerto" took 17 weeks with four weavers. In these two works, the peculiar properties of tapestry are *exploited to greatest* effect — its dynamic, luminosity and humanity. The Edinburgh Tapestry Company is hoping to press home the realisation that this ancient art form can be pertinent to the late 20th century, not least in view of its penchant for cavernous, inhuman corporate and *institutional spaces. Looking* around the walls of the Fine Art Society, its eloquence cannot be doubted.

The exhibition tours to Japan and North American later this year. Prices range from £6,000 to £29,000.

ARTS

# King of the dramatic madrigal

## *Max Loppert introduces Covent Garden's new Berio opera, 'Un re in ascolto'*

NEXT THURSDAY Luciano Berio's *Un re in ascolto* arrives at Covent Garden. This is his third work for the lyric stage, and the first to reach a British audience (though not, of course, the first Berio score to be staged at the House: Glen Tetley's *Laborintus* ballet is still well remembered there).

Of the leading composers of the postwar period Berio is in this country one of the most performed and most influential, ranking in this with Stockhausen and Boulez, his sometime collaborators at the forefront of the postwar European avant-garde. It was necessary that a Berio work should be staged here sooner or later, not just because he is an "important" modern composer, but because among composers with his particular status he has a unique feeling for dramatic gesture and timing, a unique theatricality evident even in his earliest works.

*Un re in ascolto* is an enthralling kaleidoscope of theatrical sounds, visions, and ideas. It was first given at the 1984 Salzburg Festival; and indeed, amid the star-studded events and programmes of that enterprise in the Herbert von Karajan era, it stood out like a beacon (and continues to do so). Karajan-style Salzburg fare tends to the sleekly sumptuous, to be styled to its opulent patrons' tastes and artistic pretensions.

Berio's opera – actually, he avoided calling it an opera, reverting instead to the formulation *azione musicale* which served theatre composers in the 18th century and earlier – is none of those Salzburg things. The plot is at once simple in outline and enormously complex in intellectual over- and undertones. The Salzburg reception was respectful but guarded, and (to put it mildly) perplexed.

I found myself dazzled and delighted by the work, and count on Thursday's performance, conducted by the composer himself and produced by Graham Vick, providing one of the highlights of the 1989 operatic calendar. But there is in truth a fair amount to be perplexed about. The title means "a king in the act of listening." Italo Calvino, the late, great Italian novelist who was Berio's favourite literary collaborator (he had earlier supplied the libretto for the second Berio opera, *La vera storia*), found his first inspiration and point of departure in an encyclopaedia essay by Roland Barthes on "l'ascolto" – the act of listening in which so many other kinds of perception, linked or contradictory, are involved.

From there the concept developed between writer and composer of a theatrical myth – a king able to experience the world around him only through sound – upon which theatrical layers could be piled. The king becomes Prospero, the fable *The Tempest*; and the myth is itself set (as it were) in quotation marks by being presented as a theatrical event-in-progress. Prospero (bass-baritone) is an impresario deep in the rehearsal of a play, enmeshed in the brouhaha of discussions with his director (tenor) and auditions for an important female role (two sopranos and a mezzo-soprano are the applicants).

A Caliban-figure called Friday (speaking role) rehearses his visions of a new world; at the three-quarter point a female figure in rags called Protagonista (soprano – it is the Italian word for "leading-role occupant") breaks in with a long aria rejecting Prospero and his whole theatre. But his own external and internal realities have already begun to mesh with those of the theatrical business at hand: he suffers a heart attack at the end of Act 1, and dies at the close.

It will be clear from even so sketchy an outline that this is no ordinary opera. After the Salzburg experience many of my critical colleagues, while rejoicing in the obvious beauty and richness of Berio's score, regretted both the tenuous narrative surface and the tangled, densely allusive intellectual undergrowth by which it had been inspired. The work sets up its own simultaneous critique and mirror image – a kind of opera-about-opera or meta-opera. The composer's reluctance to append the conventional opera label makes good sense, since *Un re* contains a buzzing quantity of stage activity (the dramatis personae include a mime, a juggler, a fire-eater, acrobats, and a lady sawn in half) and, in the conventional sense, no action at all.

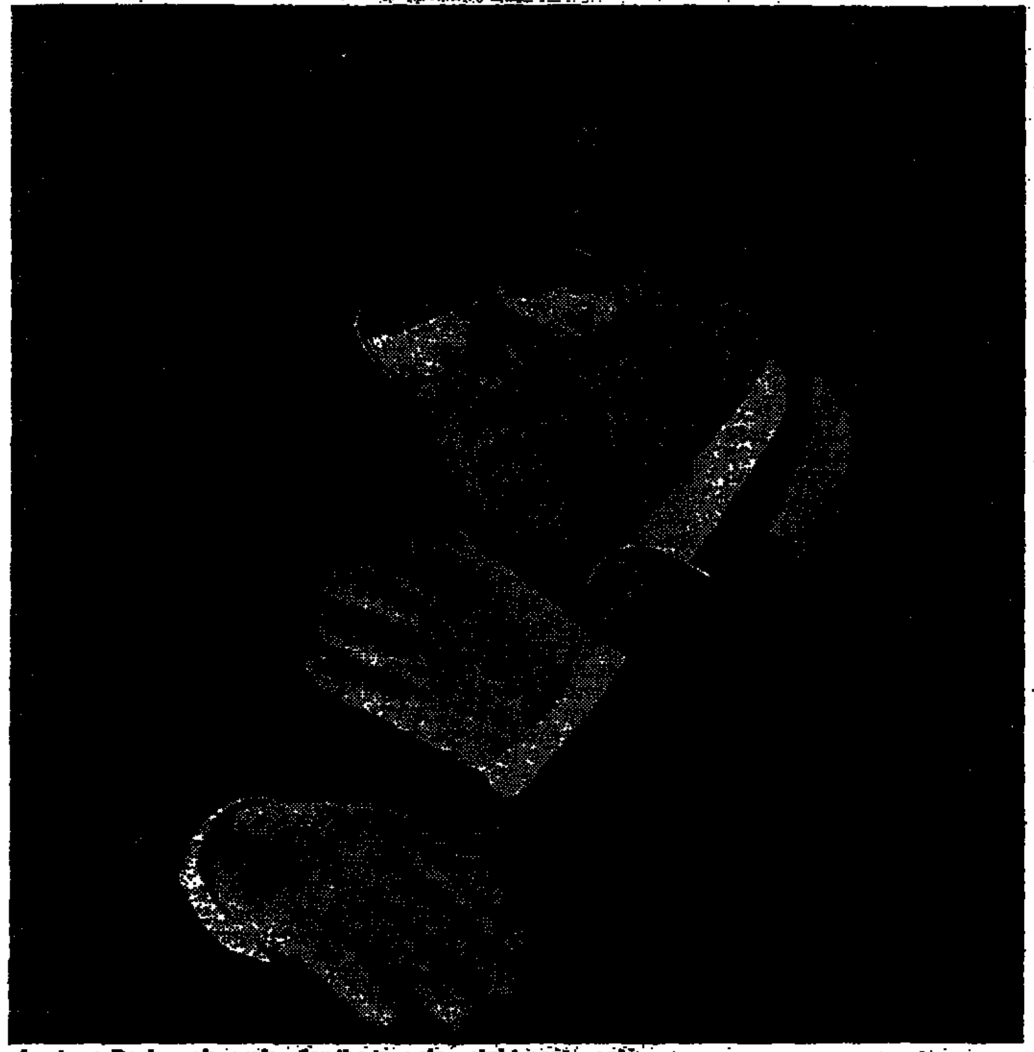
For the "ordinary operagoer" this may all appear to promise a deterring evening. So why should I, for one, be so keyed up by its impending arrival at Covent Garden? Because in the best musico-dramatic way Berio's music explains, fleshes out, draws dramatic sense and life from, the words. What has always set him apart from other composers of similar standing is his love for the operatic literature as it has built up since the earliest beginnings – and not excluding the Italian operatic literature, to which he made be said to be the late 20th century's only real heir.

The score is filled with an exuberant theatricality: in choice of subject-matter Berio may be intent on disputing the possibility of any longer writing a "conventional" opera, but since his music is real theatre music, he manages to have his cake (that is, his modish doubts about the continuance of opera) and eat it.

This is a work penetrated with operatic tradition. Both of its two acts are shaped (in common with Alban Berg's two operas) out of the small forms of Italian opera – Aria, Duetto, Concertato, Serenata. One of Berio's special qualities has always been his ability to look back, with sometimes ironic affection, in ways that send paths of development shooting forward. (His second opera, *La vera storia*, looks back at *Il trovatore*, and then turns that backward glance inside out and upside down.)

The music of *Un re in ascolto* is steeped in Bach, Verdi, Mahler, Berg. But perhaps most of all Monteverdi: each scene expands directly upon a single directly expressive dramatic or musical idea, a single sound-gesture, a single word, with a freedom and freshness of lyrical style that has its roots in the first great master of Italian opera. (My own appellation for this work would have been "dramatic madrigal.")

The "singer-friendliness" of Berio's vocal writing has been a constant in his compositions; altogether, there is a specifically Italian luminosity about the scoring of this work that makes it one of the most immediately appealing of the last two decades. At Salzburg, and (as I wrote in these columns at the time) for all its intellectual ramifications and its qualms about genre name, *Un re in ascolto* came across as a successful opera – a good dramatic basis for music, good balance between words and music, good to listen to. I have every confidence that at Covent Garden it will do no less.


Luciano Berio: rehearsing for the opening night next week


Inner cabinet material: Barry Stanton as Falstaff, with John Tramper's tap-boy Francis

Alastair Muir

# Next stop, Agincourt

## *Martin Hoyle on Wars of the Roses at the Old Vic*

BY LAST week both the House of Lancaster and *The Wars of the Roses* at the Old Vic looked set for great things. After a colourless *Richard II*, the 90-year chronicle has stooped – to the stews and taverns of Cheapside – and conquered.

The end of *Henry IV Part 2* is exultant with promise, the tearaway brat suddenly a mature and judicious monarch, the air tingling with presages of military glory to come; but Michael Bogdanov's production brings up a grim rock beat ("You're in the army now") and with a shock one recognises an onstage panorama of punks and tarts, dirty raincoats and uniforms, the seedy and the tough, the privileged and the parasitic; all human life, possibly; something that looks like a nation at a crucial juncture, certainly.

This universal, at least timeless, view perfectly justifies the anachronistic mix of costumes: full medieval armour and khaki battledress; a World War 1 padre (John Darrell's Archbishop of York), dog-collared and riding-breeched; a Pistol in black leather with "Hal's Angels" picked out on his back. What could be a gimmick becomes the visual equivalent of the plays' sweeping vision of society.

Characters are as immediately identifiable as Jonsonian humours, but this does not preclude such beautifully rounded portraits as Clyde Pollitt's Shallow. The frail old dodderer in his Gloucestershire garden is funny and touching, wistful in reminiscence, and giving glimpses of past shrewdness and authority. This he shares with Barry Stanton's *Falstaff*, never guyed for the easy laugh but played straight, seriously (that is, consistently) and with neat precision. He has an eagle, if bloodshot, eye, and the con-man's gift for swift, accurate appraisal of character and situation. A really clever Hal would promote him to the inner cabinet.

The role of prodigal prince is now shared between Michael Pennington, whom Michael Coveney reviewed at the cycle's first performance, and John Dougall. In *Richard II* a small tousle-haired lord whose dark roots needed touching-up, he makes Hal a neurotic, compulsively restless adolescent, convincingly tough once he has ironed out his problematic relationship with the King. His play-acting with Falstaff, feigning the fat knight's banishment, is done with razor-sharp insight as his face freezes into determination, then sheepish evasiveness as he avoids the old man's startled gaze.

There are faults. Before it sweeps you up in its rhythms, *Henry IV Part 1* is not free of visual clichés, the odd over-emphatic nudge in the ribs, a hangover from Mr Bogdanov's enthusiasm for young and new audiences ("Mornin'" – have a nice day" jars). More seriously, I have reservations about the elaborated thread of father-son frustrations and cross-purposes between Henry IV and his heir, here smacking slightly of American family drama.

But the impetus is compelling, aided by strong vignettes – the tumbling affection of Hotspur and wife, the outstanding quality of Francesca Ryan (a positive Queen Isabel and stunningly whorish Doll Tearsheet in holed lace tights and mock leopardskin microskirt), John Tramper's touching little tap-boy Francis. This is in short a real company, as illustrated by Mr Dougall taking time off from Hal in *Part 2* to totter on as the recruited countryman Wart, unrecognisable as this bent garden-gnome. Next stop Harfleur and Agincourt, the apogee of Lancaster, and the Wars of the Roses proper.

# All the better for dirty hands

## *Michael Coveney discusses the pros and cons of critic turned director*

EARLIER THIS week I expressed my reservations about the production of a short Marivaux play directed as an informal extra for the Royal Shakespeare Company by Michael Billington, theatre critic of The Guardian.

I should knock straight on the head any idea that I disapprove of critics dirtying their hands. But they should do so in a serious fashion, not as a sop to RSC glasnost, not on the cheap, and not with the return of a gimmicky compliment in the form of a review by the RSC's artistic director.

But Billington is surely on the right lines. A new collection of essays by Robert Brustein, director of the American Repertory Theatre at Harvard and a critic of immense erudition and experience, reminds us that, at the highest level, a critic with practical experience of his chosen art form is a more significant and authoritative critic than one who stands smoothly above the fray and proudly boasts of being an averagely ignorant Joe Soap with access to print and axes to grind.

In *Who Needs Theatre* (Faber, £14.95), Brustein collects pieces that first appeared in the magazine New Republic. The quality of his excoriation (Lloyd Webber's *Cats*, Shaffer's *Amadeus*, the decline of the RSC) is as exhilarating and rigorous as are his detailed displays of enthusiasm (the plays of David Mamet, Brecht, Olivier, the European-oriented collaborations of Robert Wilson, Philip Glass and Heiner Muller).

Passion and enthusiasm are not qualities much valued these days, so Brustein's book, underpinned by a life-time's commitment to theatrical scholarship and practical demonstration, sets up a galeforce counter-blast to the predominant notion, on both sides of the Atlantic, of art being a measurable commodity best entrusted to sponsors and committees.

Answering his own wryly rhetorical question, Brustein avers that we all need theatre because theatre represents social history in the making, both on the stage and in the audience. "It signifies that community we have forsaken, the accidents and risks we would rather avoid, the sweat and gristle we prefer to disguise, the labour of humans working against odds."

I have not seen enough of Brustein's productions to be sure, but I guess he is a better critic than he is a director. The point is he sees no conflict in a dual role, any more than did his predecessors in the great American tradition of "hommes de théâtre," Stark Young, Harold Clurman and Eric Bentley.

These critics invariably stood outside the hurlyburly of newspaper journalism, just as Brustein does, though he occasionally enlivens the New York Times with magisterial jeremiads on the threats posed to the thriving new American resident theatres such as his own by the pimping interventions of Broadway producers.

Before he decamped to Los Angeles, Charles Marowitz was the nearest we came in London to a practitioner who regarded criticism as a parallel directing function. The duality is systematically analysed by Marowitz, also an American, in his recent book, *Prospero's Staff* (Indiana University Press, £17.95), where he severely re-states the obvious – that the greatest artists have often been critics, citing Yeats, Auden, Eliot, Henry James, Shaw. And, as he says, the critical writing of Brecht and Artaud, of Copeau and Stanislavsky, is endemic to the fundamental changes those artists wrought in our 20th century view of theatre.

Marowitz goes on to distinguish between the critic as participant and the critic as journalist, and begins to discount the value of any writing on the theatre that does not impress the practitioners themselves. He is here blending criticism with dramaturgy, I think deliberately. But the basic point is salutary. Good critics must obviously be accountable to their newspapers. But if they do not sometimes command the grudging respect of the artists they comment upon, at least for the quality of their commitment, they are sure to be heading towards a state of either terminal vanity or intellectual oblivion.

Billington himself has cited the example of Andrew Porter, the first music critic on this newspaper, who continues to write on the New Yorker while upping his practical input as a translator and director of opera.

Some critics may indeed be failed playwrights or directors, though I confess I know of none. Most of us on this newspaper regard criticism as a natural extension of a life-long interest, and we can log up practical credentials with the rest of them: two are trained actors, one is a professional philosopher (I think that's interesting, even if it doesn't count), one a theatrical translator, several on permanent attachment to specialist magazines.

In directing Marivaux's *The Will*, Billington will certainly have enriched his own experience if not (he would, with characteristic diffidence, be the first to admit) that of his audiences.

Criticism is not something that exists apart from the theatre. Conversely, as Brustein and Marowitz so resoundingly demonstrate, theatre cannot exist apart from criticism. I do not mean just in the crude reality of reviews. The very act of directing, of putting on a play, is itself a form of criticism, of interpretation, of response to the received artefact of a literary text or the more nebulous proposition of an ensemble enterprise.

# Lutoslawski's 'Livre'

## *David Murray reviews the start of another festival*

ANOTHER "FESTIVAL" under way! The label is liberally affixed to almost anything these days, so it's worth saying what "The Philharmonia Lutoslawski Festival" amounts to: four Philharmonia concerts, each containing one or two of the Polish composer's main orchestral works since 1967 – conducted by himself except for the earliest piece, the Second Symphony, which falls to Esa-Pekka Salonen tomorrow along with the non-Lutoslawski portion of every programme.

Besides the music itself – brilliantly coloured, witty, purposeful and precisely original – the special attractions are Lutoslawski as his own interpreter (he is professionally expert as well as authoritative), and his own significant choices of supporting programmes. But if it was worth offering this much (sponsorship by Vincent Meyer), why not more? There are no chamber-scale programmes as back-up, which denies us a full view of his range, nor anything he wrote before he was 54 years old, which excludes some very good, directly appealing music that would attune one's ear for his later developments. Nor is his newest piece – last year's Piano Concerto – on offer, nor in fact anything that hasn't already become semi-familiar in London: I think for instance of the magical cantata he wrote for Peter Pears, *Paroles tissées*.

Having registered these grumbles, I will report that for the 1968 *Livre pour orchestre* and the recent *Chain 3* in Thursday's inaugural concert, Lutoslawski had prepared the Philharmonia to admiration. The fraught textures and sudden sharp lines of the *Livre* were densely expressive, and he made sure that the brief, contrasted links of *Chain 3* were concatenated with an exciting ring. At the end, the ferocious snap and the expiring sigh carried dismaying conviction. The almost-physical force of Lutoslawski's elegantly wrought gestures is astonishing.

Stravinsky's *Song of the Nightingale* fitted beautifully in principle, but Salonen made only a mild effect with it: hasty tempi robbed the quicker bite, while the graver sections – notably the Emperor's "death" scene – were left tepid and faceless. The score is after all drawn from an enchanting opera, and it deserves a more dramatic profile. As for Bartók's masterly Sonata for two pianos and percussion, a natural Lutoslawski choice, we had to hear it in the "concerto" version with orchestral titivation. Whatever Bartók's motive for making that was, it scores a net loss: the original black-and-white is discoloured, not enhanced, and the chamber-intricate piano writing dwindles amid the inflation. At their keyboards Tamás Vásary and Peter Frankl were – unlike Bartók and his wife in their historic recording – languid in slow passages, lavish with pedal and imprecise in ensemble.

# The NBT bites its nails

## *Antony Thorncroft discusses the latest dance report*

NORTHERN BALLET Theatre, the Manchester based dance company headed by Christopher Gable, faces a nail biting future. "Stepping forward," a document commissioned by the Arts Council from Graham Devlin and designed to make suggestions for the development of dance in the 1990s, points the finger at the NBT.

The report, a mass of statistical information and strong opinions, comes up with some less than specific proposals on how dance should return to the regional grass roots. It costs its vision at an extra £650,000 a year. It does not envisage the dance panel at the Arts Council getting more than the £11.4m it commands at present.

By a happy chance, NBT, which has come under critical scrutiny for at least four years, and which plays to an average audience just half that of other ballet companies, received £861,000 in grant in 1988-89. Switching its money elsewhere would be a neat solution.

But all is not lost for Northern Ballet. Mr Luke Rittner, secretary general of the Council, was quick to point out yesterday that Mr Devlin's recommendations had yet to be approved by the Arts Council and that in the meantime every avenue would be explored which might save the company.

In essence the Council would like to save the money it gives to NBT but would be willing to participate in a scheme under which the company was assured of alternative finance. In particular it would like Manchester to give more. In 1988-89 the ten boroughs in the city subsidised NBT to the tune of £75,000, little more than a tenth of the Arts Council's grant. But before Manchester is approached the Council will explore a rescue using "business and enterprise solutions." Whether this means finding a major sponsor, or streamlining Northern Ballet's operations, is less than clear.

The potential demise of Northern Ballet is just the most depressing aspect of a very low key report which compares the optimism about dance in the UK ten years ago with a current malaise. Audiences are in decline, especially for contemporary dance. Rambert and London Contemporary Dance have lost a third of their audience in the past decade, while some smaller companies, such as the Janet Smith Dancers, have had to disband. There are two distinct groups of followers for classical and contemporary dance and they rarely overlap.

The report speaks of the need for "a strategic regional policy for dance development. Initially this policy should concentrate on those geographical regions where a healthy dance culture can be identified." It envisages the establishment of Regional Dance Agencies creating an infras structure which will encourage national dance companies to be based outside of London. Obviously the move of Sadler's Wells Royal Ballet to Birmingham is exactly in line with the ethos of the report. It seek a similar role for Festival Ballet.

But it is the signalling out of Northern Ballet which will snatch the headlines from this discussion document. More than any other Arts Council panel dance spreads its largesse in great dollops, just six dance companies taking 90 per cent of its resources. To make a substantial saving it must cut deep somewhere. Christopher Gable has three months in which to deflect the blow.

**Chess No. 758:**
1 R-N3, R-R4; 2 R-R3 ch, R-R4; 3 RxR ch, PxR; 4 P-N4, PxP; 5 PxP, K-R3; 6 B-B3, K-R2; 7 B-K2, K-R3; 8 P-N5 ch, K-R2; 9 B-Q3 mate (a study by Horwitz).

SPORT

# England expects while the Welsh rely on hwyl

***John Kitching on the Five Nations rugby contest***

I FOUND my old rugby boots the other day. The laces are stiff and tired; the leather dull and wrinkled. The sides of the boots are high and unfashionable; the aluminium studs, sharpened by years of changing room warm-ups and concrete pathways, look like instruments of torture.

They last saw action in 1974. In the preceding years they had been submerged in ankle deep mud at Guy's Hospital, London, run out once on to the hallowed turf of Cross Green, Otley, (scene of the North's triumph over the All Blacks in 1979). One of them – the right, I suppose – once kicked away a certain try in a Cambridge inter-college match. There are people who still do not speak to me because of my recklessness on that occasion: I maintain I didn't hear the three men outside me screaming for a pass.

Finding the boots led me to reflect on the many changes in rugby in the last 15 years: the increased competitiveness, sponsorship, national leagues, and moves towards full professionalism. Quite a catalogue: and all in some way related to money.

One thing in a rapidly *changing* landscape that seems to increase in stature and quality, however, is the Five Nations Championship. Today, England play their first game, against Scotland at Twickenham for the Calcutta Cup, while Wales play Ireland at Cardiff.

It was once said of Peter Jackson, the great England three-quarter, that all he needed to become the complete entertainer was a trick cycle. After England's recent rousing performance agaiinst the Australians, there were some who were saying equally kind things about the whole English team. But can they deliver?

Geoff Cooke, team manager, would only admit to a "cautious optimism" over today's game. He is all too aware of the high expectations among England's supporters. "Certainly, we know we have a lot to live up to after the Australian game," he told me. "We'll only be able to play as well as we are allowed to; but I feel we are very well equipped and capable of doing well."

Cooke had studied carefully film of Scotland's performance in defeating Wales 23-7 two weeks ago. "Their back row was exceptional; the front row solid yet mobile." It is in these areas in particular, Cooke admits, that England must seek supremacy.

A four-day training trip to Portugal four weeks ago was most valuable, Cooke says.

*England go into today's game knowing much rests on their shoulders*

"We continued the hard work on fitness which began when I took over in October 1987. We have a reasonably sophisticated programme and have made some strides. The athleticism of the front five is improving."

It will have to. Faced with the likes of Scotland's David Sole, one of the finest loose head props in the world, England's Paul Rendall and Jeff Probyn will have their work cut out. Sole is the epitome of the modern front row forward: strong in the tight, and a mobile creator of second phase ball. His cover tackling is also exemplary. A British Lions place has almost certainly been booked for him on the summer tour of Australia.

Another Scot who is virtually certain of a Lions place – and after only one cap so far – is the strikingly accomplished 20-year-old stand off half from Melrose, Craig Chalmers. If he can play today with the maturity and vision he showed against Wales, he should look a better prospect than Rob Andrew. The scrum half duel between England's Dewi Morris (one cap) and Scotland's Gary Armstrong (two caps) will also be absorbing. But all will depend on the forward battle.

"We've been trying to get the forwards to stay on their feet and win, while going forward, the kind of ball our backs want," says Geoff Cooke.

Directing operations from the England centre will be Will Carling, who has been made captain for the season: something the All Blacks like to do. Geoff Cooke thinks it is a good idea. "One of our faults was no continuity; chopping and changing skipper is not good for team spirit. I saw Will as a potential captain last year, but he's done even better than I imagined."

England will go into today's game knowing that much is resting on their shoulders, whereas the Scots, match-hardened against Wales (but now sadly without their huge tight-head, Iain Milne) seem to be playing close to the top of their form. If the Scottish back row can close down the English three quarters, among whom Chris Oti, almost back to peak fitness, and Rory Underwood are the danger men, and if Scotland gains supremacy at ruck and maul they should scrape home: but it will be close. Let us hope it is not decided solely by the boots of Andrew and Dods.

In Cardiff today, a beleagured Wales take on Ireland. It will be interesting to see whether there is sufficient *hwyl* to lift the gloom from the National Stadium.

Ireland, on the other hand, almost pulled off the surprise of the season two weeks ago by running France very close. They also displayed heavyweight boxing skills comparable to those of the French in a sickeningly physical game. As Geoff Cooke remarked: "The much vaunted French bulldozer was made to look like a dust cart."

Ireland, woefully short of genuine class players, can often be relied on to play with exceptional spirit. So what will Wales do about it? It seems unfortunate that the Welsh selectors are still refusing to recognise the pre-eminence of Neath and Llanelli: they find places for only seven players from those clubs. At least Laurence Delaney, the Llanelli prop, gets his chance at the age of 32, *but it is at the expense of* the injured David Young.

Once again the selectors have Mike Hall on the wing when he should be at centre, but at least the excellent Robert Jones is back at scrum half (a relief no doubt to Bleddyn Bowen, who spent most of his last international airborne, trying to catch Jonathan Griffiths's passes.

Ireland dispense with the uncomfortable looking Philip Danaher at full-back and replace him with new cap Fergus Dunlea. Michael Kiernan stays on one wing, rather than at full back, but at least Keith Crossan is back at left wing.

One senses that Wales were beginning to stem the tide in the second half against Scotland. *Today, against Ireland,* they may well turn it. The Five Nations Championship looks wide open.

Craig Chalmers, Scotland's outstanding fly-half prospect

# From boat boy to boot boy

***Philip Coggan on football's nursery of talent***

ALAN MILLER produced a brilliant one-handed save for the cameras last week as Plymouth earned an FA Cup replay against Everton. What made that save especially significant is that the 18-year-old Miller is one of the first products of the FA National School to earn a place in League football.

The school, established in 1984 with the support of Vauxhall and General Motors, takes 16 of the country's best 14-year-old footballers and trains them for two years at Lilleshall in Shropshire.

A week tomorrow, a squad of players from the school will depart to the Gulf to play an international under-16 match, the first representative fixture between Britain and Oman.

Lilleshall's most famous graduate is probably Hung Dang, who escaped from Vietnam at the age of eight, having already learnt to kick a football in the streets of his home village near Saigon. His success at soccer is all the more remarkable given that he had severe back problems shortly after he joined the FA school. Fortunately, those problems were overcome and Hung Dang is now an apprentice at Tottenham Hotspur.

The progress from boat boy to boot boy is only half the battle for Hung Dang. Many promising youngsters lose their edge in their late teens as their early enthusiasm is battered out of them by hardened professional opponents.

England has had a fairly distinguished record of producing strong youth teams but the success at youth level has rarely been translated to the full team. By concentrating on an elite at Lilleshall, the FA is building for the future.

Players are now selected via a carefully graduated assessment scheme administered at sports centres throughout England. The boys are rated on a star system of one to six, with only the top 1 per cent receiving a six-star rating. Six-star recipients go forward to 120 "centres of excellence", mostly based at Football League clubs.

From there, around 850 boys go forward to seven regional trials where they are assessed by Dave Sexton, who is technical director at Lilleshall and Mike Kelly, who is goalkeeping coach. The trials whittle the elite down to 45 and then 35 and finally to the 16 who receive a scholarship.

In coaching, the emphasis is on skills rather than on achieving the extreme levels of fitness demanded of professional footballers because of the speed at which British soccer is played. "Bearing in mind that the boys are young, physically you can't go to extremes," says Sexton.

"We're trying to produce a more technically adept player," says England manager Bobby Robson. "The aim is not to coach players in the virtuoso juggling skills that look good on the training ground but can be suicidal in a match when faced with a 6ft 4in centre back. If they don't deliver the ball first time, players can wind up in the third row of the stand," says Robson.

However, Sexton is keen that the youngsters do not pick up the bad habits they see on television, such as the spate of elbowing offences now attracting attention. The current under-16 side won a fair play award when they competed in an international tournament.

*The FA is building for the future by concentrating on the elite*

"Players are not required to fit into a rigid footballing style, along the lines of the long ball game of Wimbledon or the short passing game of Liverpool. Footballers are like soldiers," says Sexton. "Whoever's paying their wages, they should be able to fit in with that team system."

"When they first arrive, they often have a mental problem. They are not used to structured training, to concentrating and listening," says Sexton. "What they have to work hardest at is defending. They don't have a concept of defensive co-operation. *They tend to think just of man-to-man, one player against another.*"

Sexton, who is an extremely experienced manager, having been in charge at Queens Park Rangers, Manchester United and Chelsea manager, knows that professional clubs want more than just elegance on the ball. "Managers want to know three things," says Sexton. "Can he play? Can he compete, that is, stand up to the pressure? And can he get a goal in a crisis? If he can do all three, he'll be the first name on the teamsheet."

There is little immediate problem in finding a footballing place for boys after they graduate. Most of the players are on the books of one league club or another when they arrive at the school. The 1987 intake for example has no fewer than five Arsenal players and three from the less likely environs of Oldham. Crewe Alexandra, which is one of the nearest clubs to Lilleshall, is also adept at snapping up the FA's scholars.

However, football is a risky career, which can easily be foreshortened by injury, and the boys' academic studies are not neglected. They also attend a local comprehensive school and Lilleshall operates in accordance with conventional term timetables. According to housemaster Neville Moreton, the boys often perform better at their studies than expected.

It will obviously take time for the benefits of the school to come through. The first set of graduates are now just 18 to 19 years old. Apart from Miller, on loan to Plymouth from Arsenal, Mark Robbins is a promising centre forward at Manchester United, who seem to have more than their fair share of exciting youngsters.

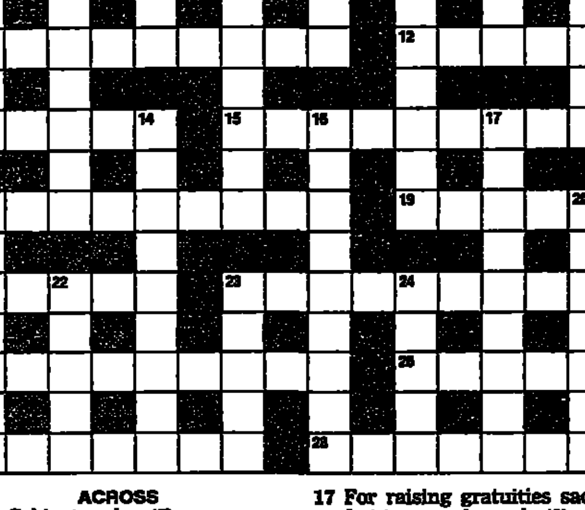
Only a few of the graduates will make it to the highest grade. As Sexton says: "However many talented players you have, the ones with that extra bit of character are rare." But the school must give England a better chance of providing the World Cup winners of, say, 1996.

If England's senior side turn in another mediocre performance against Greece next week, the thought of the Lilleshall youngsters might just save you from kicking the TV and hitting the carpet in frustration.

## CROSSWORD

### No. 6,852 Set by GRIFFIN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday February 15, marked Crossword 6,852 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday February 18.



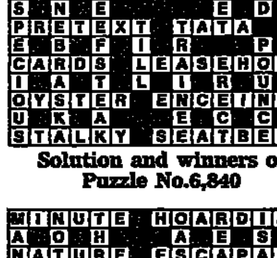
**ACROSS**

1 Cabinet maker (7)
5 Include half of them plus two (7)
9 Delightful horse's head in recess (5)
10 For every person straying ten will be constant (9)
11 Love Basil, not bothering to make sacrifices (9)
12 *Swimmer died in Eire explosion* (5)
13 Keys with little numbers Lawrence inserted (5)
15 Dead awkward about groom being spoken to (9)
18 Some church people entered once it was written on (9)
19 Dangle from pole on part of building (5)
21 Dora's arranged to include one when broadcasting (5)
23 Failing to remember Smithy – not a bad fault! (9)
25 Inaccurate recipes I'm replacing (9)
26 "Midnight Rose" could be a spiny shrub (5)
27 People who barely enjoy camping? (7)
28 Model with motive for treachery (7)

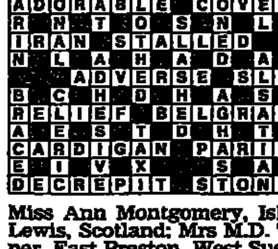
**DOWN**

1 Kind of bridge game played with cards (7)
2 Powered flight? (9)
3 Clumsy writer stands inside it (5)
4 Discount for introducing rogue (9)
5 Brings in Arne's new composition (5)
6 Innocent butchers assemble outside Leatherhead (9)
7 Correct word of prayer on first day (5)
8 Topless chaps deter members when introduced (7)
14 Chose Ron's new glasses (9)
16 Hinder male cleaner (9)
17 For raising gratuities sacks hot-tempered people (9)
18 Helping a lot (7)
20 There's eight pints and a quarter in this vessel (7)
22 Party political leader has journalist drugged (5)
23 Leading financier with troubles becomes insolvent (5)
24 It flies East, having left in *time* (5)

**Solution to Puzzle No.6,851**




**Solution and winners of Puzzle No.6,840**




Miss Ann Montgomery, Isle of Lewis, Scotland; Mrs M.D. Tanner, East Preston, West Sussex; Mr J.C. Towle, Sale, Cheshire; Mr P.G.L. Tozer, Yarwood *Heath, Cheshire;* Mrs L. Wright, Oakham, Rutland.

## TELEVISION & RADIO

### SATURDAY

† indicates programme in black and white

**BBC1**

8:25 am Saturday Starts Here. 8:40 Chucklevision. 9:00 Going Live! 12:12 pm Weather. 12:15 Grandstand, including 12:20 Rugby Union (Preview of today's international matches); 12:30 Skiing (World Alpine Championships from Colorado); 12:50 Football; 1:00 News; 1:05 Skiing; 1:30 Boxing from the Elephant and Castle, London; 2:00 Skiing; 2:20 Rugby Union (England v Scotland, from Twickenham); 4:00 Football; 4:10 Rugby Union (Highlights of Wales v Ireland at Cardiff); 4:40 Final Score.

5:05 News. 5:15 Regional programmes. 5:20 The Flying Doctors. 6:05 Jim'll Fix It. 6:40 Bob's Full House. 7:15 'Allo 'Allo!. 7:40 The Paul Daniels Magic Show. 8:25 Bergerac. 9:20 News and Sport. 9:35 Midnight Caller. 10:25 Carrott Confidential. 11:00 Film: "Serpico" (1973) with Al Pacino.

**BBC2**

8:05 am Open University. 2:45 pm Popeye Double Bill. †2:55 Film: "Dangerous Money" (1946) with Sidney Toler. †4:00 Film: "The Fountainhead" (1949) with Gary Cooper, Patricia Neal and Raymond Massey. 5:50 World Skiing Championships (The Men's Downhill in Colorado). 6:45 The Triumph of the West. 7:35 Newsview. 8:20 Rhythms of the World: *"Hawaiian Rainbow"*. 8:10 *The 'Slap' Maxwell Story.* 8:35 Saturday Night Clive: In the age of de-regulation, Clive James looks at what the ever-expanding media are broadcasting worldwide, with the help of correspondents abroad and the views of a guest.

10:20 The Film Club. Derek Malcolm introduces the television premieres of two films by Robert M. Young espousing the Mexican cause. 10:23 Film: "The Ballad of Gregorio Cortez" (1982) with Edward James Olmos. 12:05-2:00 am Film: "Alambrista!" (1977) (In Spanish with English subtitles).

**LONDON**

6:00 am TV-am Breakfast Programme. 9:25 Motormouth. 11:30 The Partridge Family. 12:00 The Chart Show. 1:00 pm News. 1:05 Local News and Weather, followed by Saint & Greavsie. 1:40 Sportsmasters. 2:10 Athletics: The Pearl Assurance AAA/WAAA Indoor Championships. 4:15 Mr Majeika. 4:45 Results Service. 5:00 ITN News. 5:05 Local News and Weather. 5:15 ShowBizz Show. 5:55 Superboy. 6:20 Trick or Treat. 6:50 You Bet!

7:50 Inspector Morse. 9:50 ITN News 10:05 Local Weather. 10:10 Aspel & Company. *10:55 Spitting Image. 11:25 The Highwayman.* 12:25 am Soap, followed by ITN News Headlines. 1:00 Night Network.

**CHANNEL 4**

9:30 am Same Difference. 10:00 4 What It's Worth. †10:30 Film: "Of Human Hearts" (1938) with Walter Huston, James Stewart, and Beulah Bondi †12:25 pm The Three Stooges. 12:45 Dance with Me (subtitled). 1:15 Channel 4 Racing from Sandown Park. †3:30 Film: "I Am the Law" (1938) with Edward G. Robinson, John Beal and Wendy Barrie. 5:05 Brookside. 6:00 Right to Reply. 6:30 Scottish Eye.

7:00 News summary and weather, followed by People to People: Burning, Burning. 8:05 The Harp in the South. 9:00 Film: "Stalker" (1979): Andrey Tarkovsky's science-fiction film. 12:05 am Sounds of Surprise: Art Blakey - The Jazz Messenger. †1:35 *Film:* "Solo for Sparrow" (1962) with Anthony Newlands, Nadja Regin and Michael Caine.

**S4C WALES**

As Channel 4 except:-
9:30 am Open at One. 10:30 Vintage: A History of Wine. 11:00 Four What It's Worth. 11:30 Same Difference. 12:00 Here and Now on 4. 12:35 pm Pete Smith Specialities. 12:45 O'r Maes a Mwy. 4:05 Irish Reel. 6:30 Citizen 2000. 7:00 Carreg Ateb. 7:30 Newyddion. 7:40 Y Maes Chwarae. 8:40 Band Pres. 10:10 True Stories.

IBA Regions as London except at the following times:

**ANGLIA**

11:30 am Knight Rider. 11:25 pm Film: "All Night Long" (1981) with Barbra Streisand and Gene Hackman.

**BORDER**

11:30 am The Chart Show. 12:30 pm America's Top Ten. [illegible]

**CENTRAL**

11:30 am Star Fleet. 11:25 pm Prisoner: Cell Block H, followed by ITN News Headlines. 12:25 am Film: "The Fury" (1978) with Kirk Douglas.

**CHANNEL**

11:30 am The Chart Show. 12:30 pm Ski Tips. 12:20 am Cinematractions. 12:50 America's Top Ten. 1:20 The Leonard Rosen Show.

**GRAMPIAN**

11:30 am The Chart Show. 12:30 pm A Iomadh Dulhaich - "Nikorima". 5:10 Criomagan: A look at what's happening in the Highlands and islands, and issues of interest to the Gaelic-speaking community. 11:25 Film: "The Marseille Contract" (1974) with James Mason, Michael Caine and Anthony Quinn. 1:00 am The Hit Man and Her, alias Pete Waterman and Michaela Strachan.

**GRANADA**

11:30 am The Chart Show. 12:30 pm America's Top 10. 11:25 Film: "The Marseille Contract" (1974) with James Mason, Anthony Quinn and Michael Caine. 1:00 am The Hit Man and Her, with Pete Waterman and Michaela Strachan.

**HTV**

11:30 am The Chart Show. 12:30 pm America's Top 10. 11:25 The Evening Standard British Film Awards. 12:20 am The Twilight Zone. 1:00 Throb. 1:30 Married...With Children.

**SCOTTISH**

11:30 am The Chart Show. 12:30 pm America's Top Ten. [illegible] 1:00 The Hit Man and Her.

**TSW**

11:30 am The Chart Show. 12:30 pm The South West Week. [illegible] 1:00 The Hit Man and Her.

**TVS**

11:30 am The Chart Show. 12:30 pm Ski Tips. 11:25 Highwayman. 12:20 am The American Showcase: Cinematractions. 12:50 America's Top Ten. 1:20 The Leonard Rosen Show.

**TYNE TEES**

11:30 am The Chart Show. 12:30 pm Ski Tips. 5:05 Cartoon Time. 11:25 Soccer Special. 12:05 am Charlie's Angels. 1:00 ITN News Headlines. 1:02 The Hit Man and Her: Pete Waterman is the Hit Man and Michaela Strachan is Her.

**ULSTER**

11:30 am The Chart Show. 12:30 pm America's Top 10. 11:25 Film: "The Marseille Contract" (1974) with Michael Caine, Anthony Quinn and James Mason. 1:00 am The Hit Man and Her, followed by ITN News Headlines.

**YORKSHIRE**

11:30 am The Chart Show. 12:30 pm America's Top 10. 11:25 Film: "The Marseille Contract" (1974) with James Mason, Anthony Quinn and Michael Caine. 1:00 am ITN News Headlines, followed by The Hit Man and Her.

**RADIO**

(S) Stereo on FM

**BBC RADIO 2**

[illegible] presents 'Nightride'. 3:00-4:15 Big Fight Special: Lloyd Honeyghan v Marlon Starling

**BBC RADIO 3**

7:00 am Morning Concert. 8:15 The Week on 3 with Simon Milner. 9:00 News. 9:05 Mozart: Piano Sonata in D K311 and Quintet in E flat for piano and wind K452. 9:30 Saturday Review, including Building a Library: Mozart's 'Cosi Fan Tutte': review of new Elgar recordings; Record Release: Elgar (The Kingdom) and Glazunov (Saxophone Concerto; Orchestral Fantasy: The Sea).

1:00 pm News. 1:05 Third Ear: Paul Barker explores a current controversy in the arts. 1:30 From the Festivals 1988: Musica Antiqua Cologne, play Bach. 2:25 From the Proms 1988: BBC Philharmonic/Edward Downes, with Ida Haendel (violin): Mendelssohn (Overture: Ruy Blas), Alexander Goehr (Symphony with Chaconne); (3:15 Interval Reading); 3:20 Beethoven (Violin Concerto). 4:10 Seiber and Mozart.

5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 Mandolin and Guitar: recital by Paul Sparks and Timothy Walker. 7:10 "Don Giovanni" from Salzburg: Mozart's opera conducted by Karajan at last year's Salzburg Festival, with Samuel Ramey in the title role. 10:30 Telemann: Sonata in F for violin and basso continuo played by Musica Antiqua Cologne. 10:45 Mexicans Begin Jogging: Mexican-American poet Gary Soto talks to Roberta Blake. 11:15 From Petain to Pompidou: Richard Mayne introduces French cabaret songs on record. 12:00-12:05 am News.

Harriet Harman is one of the panelists on "Any Questions", Radio 4, 1.10pm, today

**BBC RADIO 4**

7:00 am Today. 9:00 News. 9:05 Sport on 4 with Cliff Morgan. 9:30 Breakaway. 10:00 News; Loose Ends with Ned Sherrin. 11:00 News; The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm I'm Sorry, I Haven't a Clue (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? with David Mellor QC MP, Harriet Harman MP, Charles Kennedy MP and Rebecca Malby. 1:55 Shipping Forecast. 2:00 News; Any Answers? 01-580 4411. 2:30 Play: "My Mother Said I Never Should" by Charlotte Keatley (s). 4:00 News; Age to Age. 4:30 Science Now.

5:00 Family Footsteps: Gerald Williams in conversation with sporting couple Chris and Shirley Brasher. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News; Sports Round-Up. 6:25 Citizens (s). 7:10 Stop The Week with Robert Robinson (s). 7:45 Saturday Night Theatre: "The Gadfly" by Ethel Voynich (s). 9:15 Music in Mind (s). 9:50 Ten to Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature: 'Dallam, the Organ and the Sultan' (s). 10:45 A Sideways Look At... with Anthony Smith. 11:00 Star Trek II (s). 12:00-12:30 am News.

### SUNDAY

† indicates programme in black and white

**BBC1**

8:55 am Playbus. 9:15 Articles of Faith. 9:30 This is the Day. 10:00 Man and Boy. 10:25 Take Nobody's Word for It. 10:50 Russian Language and People. 11:15 Deutsch Direkt! (German for beginners). 11:40 Bazaar. 12:05 pm See Hear! 12:30 Country File. 1:00 News; On the Record. 2:00 EastEnders. 3:00 World Championship Boxing from Las Vegas: Lloyd Honeyghan v Marlon Starling. 4:00 Tom and Jerry Double Bill. 4:15 Back on the Box. 5:05 The Clothes Show. 5:30 Antiques Roadshow. 6:15 Snap! 6:25 News. 6:40 Songs of Praise. 7:15 Only Fools and Horses. 8:05 Mastermind, with Magnus Magnusson. 8:35 Campion. 9:30 That's Life. 10:15 News. 10:30 Everyman: 'As We Forgive Them ...?' 11:10 World Skiing Championships from Vail, Colorado (the women's downhill). 11:50 Handmade.

**BBC2**

*7:15 am Open University.* 1:05 pm Foley Square. 1:30 Reportage. 2:20 The Week in the Lords. 3:00 *Film:* "On The Double" (1961) with Danny Kaye. 4:30 Crufts 89. 5:00 Rugby Special. 6:00 Ski Sunday. 6:35 The Money Programme: Paul Burden examines the Government's policy on mergers and the work of corporate lobbyists whose job it is to mobilise political pressure in takeover bids. 7:15 Madhur Jaffrey's Far Eastern Cookery. 7:45 Salvador Dali: In tribute to the flamboyant artist who died recently, this 'Arena' film is shown again, profiling his life as a showman, surrealist artist and self-confessed genius. 8:40 Simply Mozart. 8:45 Three-Minute Culture: Michael Ignatieff talks to President-elect of the RIBA, Maxwell Hutchinson, about the state of modern architecture, the multiplicity of styles it embraces and the life-span of new buildings. 10:15 "Leaving": 1987 'Screen Two' comedy about three Scottish school-leavers in the summer of 1960. 11:45-12:20 am Snub.

**LONDON**

6:00 am TV-am Breakfast Programme. 9:25 *Motormouth on Sunday, including Fraggle Rock.* 10:45 Link. 11:00 Morning Worship. 12:00 Encounter. 12:30 pm The Weekend Live, including Police 5. 12:50 Local News and Weather. 1:00 ITN News. 1:10 Eyewitness. 2:00 Coronation Street. 3:00 The Match: Manchester United v Tottenham. 5:05 Bullseye. 5:35 The Princess of Wales in New York. 6:05 Benson. 6:30 ITN News. 6:35 Local News and Weather. 6:40 Highway. 7:15 Catchphrase. 7:45 Wish Me Luck. 8:45 Agatha Christie's Poirot. 9:45 ITN News. 9:55 Local Weather. 10:00 The New Statesman. 10:30 The South Bank Show: Christopher Hampton. 11:30 Soap. 12:00 The Chart Show, followed by ITN News Headlines. 1:00 am The Other Side of Midnight.

**CHANNEL 4**

9:25 am Here and Now on 4. 10:00 The World This Week. 11:00 *Pob's Programme.* 11:30 Worzel Gummidge Down Under. 12:00 The Waltons. 1:00 pm Lost in Space. 12:00 Film: "Andaz" (Hindi with English subtitles). †4:00 Movie Museum. 4:55 News Summary and Weather. 5:00 The Business Programme. 6:00 International Volleyball. 6:30 Fair Play. 6:45 The Cosby Show. 7:15 Fragile Earth: Brutal Kinship. 8:15 *The Big Company: The Real Thing and the Right Stuff.* 8:15 The Media Show. †10:15 Film: "The Sun Also Rises" (1957) with Tyrone Power, Ava Gardner and Errol Flynn. †12:40 Film: "Unchanged Heart in Life and Death" (1936, Chinese cinema season).

**S4C WALES**

As Channel 4 except:-
8:10 am Sgiliau. 8:15 *Haloc.* 1:00 pm People to People. 2:00 Signals. 7:15 Rebecca. 7:25 Newyddion. 7:30 Gwlad y Gan. 8:00 Enoc Hughes. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Hel Straeon. 9:30 Dyddiau Dyn. 10:20 Nid Oes Neb Wedi Gweld Duw Erioed. 10:20 Conquer the Arctic. 11:25 Miami Memoirs.

IBA Regions as London except at the following times:

**ANGLIA**

12:30 pm Farming Diary. 2:00 9 to 5. 2:30 The *Princess of Wales in New York.* 5:35 Coronation Street. 11:30 Prisoner: Cell Block H. 12:30 am Ski Tips.

**BORDER**

12:25 pm Landmark. 5:05 Scotsport. 6:00 The Princess of Wales in New York. 11:30 Prisoner: Cell Block H.

**CENTRAL**

12:30 pm Here and Now. 2:00 Survival. 2:30 The Princess of Wales in New York. 5:35 Coronation Street. 11:30 Prisoner: Cell Block H, followed by ITN News Headlines. 12:30 am The Chart Show.

**CHANNEL**

12:00 Reflections. 12:25 pm Les Français Chez-Vous. 2:00 The Bill. 5:05 The Princess of Wales in New York. 5:35 Coronation Street. 11:30 Mystery Theatre. 12:00 The Chart Show.

**GRAMPIAN**

10:45 am Pick a Number. 11:15 America's Top Ten. 11:45 Link. 12:30 pm Landmark. 3:00 Film: "The Oregon Trail" (1959) with Fred MacMurray, William Bishop, Gloria Talbott and John Carradine. 4:30 Ski Tips. 5:00 Scotsport. 6:00 The Princess of Wales in New York. 11.30 Prisoner: Cell Block H. 12:30 am The Other Side of Midnight.

**GRANADA**

12:30 pm This is Your Right. 12:55 Aap Kaa Hak. 2:00 The Fall Guy. 5:05 The Princess of Wales in New York. 5:35 Coronation Street. 11:30 Prisoner: Cell Block H, followed by ITN News Headlines. 12:30 am The Other Side of Midnight.

**HTV**

12:30 pm Farming Wales, followed by Weather for Farmers. 2:00 Who's the Boss? 2:30 The Princess of Wales in New York. 5:35 Coronation Street. 11:30 Prisoner: Cell Block H. 12:35 am The Chart Show, followed by ITN News Headlines.

**SCOTTISH**

12:30 pm Challenge. 2:00 The Bill. 3:00 The Princess of Wales in New York. 3:35 Only When I Laugh. 4:30 Coronation Street. 5:05 Scotsport. 6:00 Bullseye. 11:30 9 to 5. 12:05 Crann Tara, followed by ITN News Headlines. 12:30 am The Other Side of Midnight.

**TSW**

12:30 pm Farming News. 2:00 Who's The Boss? 2:30 The Princess of Wales in New York. 5:35 Coronation Street. 11:30 Space. 12:30 am Coping With Cancer.

**TVS**

12:30 pm TVS News. 12:33 Agenda. 12:58 TVS Weather, including farming weather. 5:05 The Princess of Wales in New York. 5:35 Coronation Street. 11:30 Mystery Theatre. 12:00 The Chart Show.

**TYNE TEES**

12:30 pm Flavour of the Month. 2:00 Bullseye. 2:30 The Princess of Wales in New York. 5:05 Landmark. 5:35 Coronation Street. 11:30 Inner Space. 12:00 Mary. 12:30 am ITN News Headlines. 12.32 The Other Side of Midnight.

**ULSTER**

12:30 pm Going By The Book. 2:00 The Garrett Interview. 2:30 Ski Tips. 5:05 The Princess of Wales in New York. 5:35 Coronation Street. 5:57 Ulster Sports Results. 11:30 Evening Standard Film Awards, followed by Ulster Newstime and ITN News Headlines. 12:30 am The Other Side of Midnight.

**YORKSHIRE**

12:30 pm Farming and Inshore Weather, followed by Farming Diary. 2:00 Coronation Street. 5:05 A.L.F. 6:00 Bullseye. 12:30 am ITN News Headlines, followed by The Chart Show.

**RADIO**

(S) Stereo on FM

**BBC RADIO 2**

7:30 am Roger Royle says 'Good Morning Sunday'. 9:05 Melodies For You. 11:00 Desmond Carrington with Your Radio 2 All-Time Greats. 2:00 pm Benny Green. 3:00 Alan Dell. 4:00 Kenneth McKellar Sings a Song for Everyone. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 Huddwinks. 7:30 The John Lawrenson Collection. 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 Penelope Thwaites at the piano. 11:00 Peter Clayton with 'Sounds of Jazz'. 1:00 am Ellis Hill presents 'Nightride'. 3:00-4:00 A Little Night Music.

**BBC RADIO 3**

7:30 am Stuttgart Chamber Orchestra: Pachelbel, Pergolesi and Ricciotti. 7:30 News. 7:35 Louis Kentner (piano): Liszt, Lyapunov, Field and Chopin. 8:30 News. 8:35 Your Concert Choice. 10:30 Music Weekly. 11:15 Finchley Children's Music Group, BBC Singers and BBC Symphony Orchestra: Strauss (Die Göttin im Putzzimmer), Mozart (Wind Serenade in B flat); (12:00 Readings from Mozart's letters); 12:05 pm Strauss (An den Baum Daphne; Sonatina No 1, 'From the Workshop of an Invalid'). 1:10 Violin and Piano: Erich Gruenberg and Daniel Adni play Smetana, Bartok and Schubert. 2:10 Third Ear: Interview with Australian writer Rodney Hall. 2:35 Palestrina: settings from the Song of Songs, performed by the Hilliard Ensemble. 3:00 Monteverdi Vespers: Richard Hickox conducts soloists, the Richard Hickox Singers, City of London Baroque Sinfonia and the New London Consort. 4:35 Celebrity Recital: Shura Cherkassky (piano) recorded in 1987: Bach transc. Busoni (Toccata Adagio and Fugue in C), Beethoven (Appassionata Sonata); (5:20 Interval Reading); 5:25 Chopin (Ballades Nos 3 and 4; Grande valse brillante; Nocturne Op 55 No 1; Variations on 'La ci darem la mano'). 6:15 Southerly Winds: Richard Langham-Smith assesses the work of composer Maurice Ohana. 6:55 Maggie Cole (harpsichord): Galuppi, Manfredini, Scarlatti and Cimarosa. 7:30 Lutoslawski Festival: Philharmonia Orchestra cond Esa-Pekka Salonen, with John Shirley-Quirk (bass): Brahms (Variations on a Theme by Haydn); Lutoslawski (Les espaces du sommeil, conducted by the composer); (8:05 Esa-Pekka Salonen talks to Nicholas Kenyon); 8:25 Beethoven (Overture: Leonora No 2), Lutoslawski (Symphony No 2). 9:20 Varsovia String Quartet: Haydn (Op 76 No 4 'Sunrise'), Panufnik (Quartet No 2, 'Messages'). 10:00 Marios Papadopoulos (piano). 10:30 Choral Evensong. 11:25 An Italian Sound: The group Romanesca peform music by Fontana, Uccellini, Collara, Mannelli and Corelli. 12:00-12:05 am News.

**RADIO 4**

7:00 am News. 7:15 On Your Farm. 7:40 Sunday with Clive Jacobs and Andrew Green. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand with David Walker. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs: Rocco Forte (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 "The Way We Live Now" by Anthony Trollope, dramatised in eight parts (part one) (s). 4:00 Classic Features. 4:47 Enquire Within. 5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Chris Dunkley airs audience comments about BBC programmes and policy. 6:30 Cat's Whiskers (s). 7:00 News; Open Mind. 7:30 Fear on 4 (s). 8:00 Bookshelf. 8:30 Soundings. 9:00 News; The New Gods. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Land of the God King: first of two documentaries about the political history of Tibet in the twentieth century. 11:00 In Committee. 11:30 Seeds of Faith (s). 11:45 Before the Ending of the Day (s). 12:00-12:30 am News.